Austria	Sch. 18	Indonesia	Rp 2500	Portugal	Esc 80
Bahrain	Din 0.650	Italy	L 1300	S. Arabia	Rls 6.00
Belgium	BFr. 38	Japan	Y550	Singapore	S$ 4.10
Canada	C$2.00	Jordan	Fils 500	Spain	Pta 110
Cyprus	C£0.60	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Dkr. 7.25	Lebanon	£L 6.00	Sweden	Skr 8.50
Egypt	E£1.00	Luxembourg	LFr. 38	Switzerland	SFr 2.20
Finland	Fmk 6.00	Malaysia	Rm 4.25	Taiwan	NT $65
France	FFr. 6.00	Mexico	Pes. 300	Tunisia	Din 0.600
Germany	DM 2.20	Morocco	Dh 6.00	Turkey	L 210
Greece	Dr 70	Netherlands	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr. 8.00	U.S.A.	$1.50
India	Rup. 15	Philippines	Pes. 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,554 — Tuesday February 19 1985 — D 8523 B

'Frank talk' plan for Thatcher visit to Washington, Page 8

World news

Solidarity accused of links with CIA

Polish authorities have accused the underground trade union movement Solidarity of having links with the U.S. Central Intelligence Agency (CIA).

The charge came during a two-part, prime-time television broadcast transmitted last night and on Sunday evening. It is seen as being part of an official campaign to counter Solidarity's attempt to organise a national 15-minute strike on February 28 against food price rises.

Col Zbibniew Pudysz, head of the Interior Ministry's investigative department appeared on television last night surrounded by documents and computer disks said to contain Solidarity material. **Page 2, Editorial comment, Page 16**

South Korea Cabinet

South Korean President Chun Doo-Hwan replaced 12 of his 22 Cabinet members in the wake of last week's elections. Former national security planning agency director Lho Shin-Yong becomes Prime Minister. **Page 4**

'Star wars' doubts

Herr Hans-Jochen Vogel, leader of West Germany's opposition Social Democrats said U.S. insistence on developing its "star wars," programme could block agreement with the Soviet Union on intermediate-range nuclear weapons. **Page 3**

Afghan rebels

An Afghan revolutionary court passed death sentences on five anti-government rebels. A further six were jailed for between five and 20 years. Kabul radio said the men belonged to Pakistan-based resistance groups.

Protest in Sidon

Thousands of militant Shia Moslems demonstrated in Sidon, Lebanon they attacked shops selling alcohol and ripped down Lebanese flags put up since the Israeli withdrawal. **Page 4**

Jet fighters crash

A British pilot died when his Harrier jump-jet and a West German Starfighter collided in mid-air and crashed near the Dutch-German border. The German pilot parachuted to safety.

Ship hit in Gulf

A Kuwaiti container ship, the Al-Manakh, was hit by an Iranian missile in the Gulf. Lloyds Shipping Intelligence reported the vessel on fire.

Policeman held

Leader of Spain's main police union, Manuel Novas, was arrested in connection with the suspected embezzlement of Pta 14m ($77,000) in union funds.

Thai border claim

Thai military officials said Vietnamese troops crossed briefly into Thailand in pursuit of Khmer Rouge guerrillas during recent fighting.

Pakistan round-up

Pakistan's military Government has arrested all but one of the leaders of opposition parties boycotting next week's general election.

Manila fire probe

Arson investigators found severed telephone and power lines on two floors of the Manila hotel where 25 people died in a fire last week.

Queensland in dark

A bitter labour dispute which blacked out large areas of Queensland, Australia and led to lay-offs of more than 500,000 workers, threatened to spread across the country after peace talks broke down.

Business summary

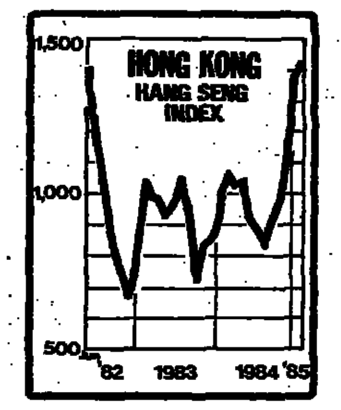
Andersen rejects British claims

ARTHUR ANDERSEN, world's largest accountancy group, "unequivocably" denied allegations made by Britain's Northern Ireland Economic Development Department that it was negligent in its auditing of the De Lorean car group. **Page 6**

LONDON shares drifted lower and the FT Ordinary index ended down 9.4 at the day's lowest level of 970.5. Gilts were also easier. **Section III**

TOKYO stocks fell back from the record levels seen at the end of last week and the Nikkei Dow market average shed 20.77 to 12,149.15. **Section III**

MALAYSIAN Government announced a temporary freeze on all new public listings and new share issues on the Kuala Lumpur Stock Exchange until an improvement was seen in the market. **Page 31**



HONG KONG shares surged as the battle for control of Wheelock Marden escalated. The Hang Seng index hit a 41-month high, but then retreated to close 21.25 higher at 1,427.18. **Section III**

DOLLAR was firm in London, rising to DM 3.296 (DM 3.265), FFr 10.0725 (FFr 10.005), SwFr 2.801 (SwFr 2.718) and Y260.0 (Y258.8). On Bank of England figures the dollar's exchange index rose to 151.0 from 150.0. **Page 39**

STERLING lost one cent against the dollar in London to close at $1.0935. It also fell to FFr 11.01 (FFr 11.025) but was unchanged at SwFr 3.0625 and improved to DM 3.6025 (DM 3.6) and Y284.25 (Y283.0). The pound's exchange rate index fell 0.2 to 71.2. **Page 39**

GOLD rose 25 cents on the London bullion market to $304.50. It also improved slightly in Zurich to $304.25. **Page 38**

WALL STREET markets were closed for a public holiday.

FRANCE last year lost fewer working days through industrial strikes than in 1983, despite the sharp increase in unemployment and the fall in real wages. **Page 3**

TRILOGY, U.S. electronics group which has had to abandon its attempts to build a world-beating "supercomputer," faces new problems with the end of its development contracts with computer maker Sperry. **Page 19**

BANK ALMASHREK of Beirut offered $50m for the bulk of the operations of the troubled Deak-Perera group, the oldest and biggest foreign exchange and precious metals retailer in the U.S. **Page 19**

PECHINEY Ugine Kuhlmann, French state-owned metals group, increased consolidated revenue by 22.8 per cent to FFr 35.4bn last year and estimated it made a profit of FFr 500m against a loss in 1983 of FFr 463m. **Page 19**

BMW, West German car and motorcycle manufacturer, increased sales by 17.5 per cent to DM 16.48bn ($5.05bn) last year and achieved record production despite a seven-week shutdown for strikes. **Page 20**

DYNO INDUSTRIER, Norwegian chemicals, plastics and explosives group, increased profits from NKr 102m to NKr 180m ($19m) last year and is raising its dividend. **Page 20**

PIRELLI, Italian tyres and cables manufacturer, is to acquire 10 per cent of Seat Cavi, the cables division of Seat, Pirelli's only Italian-owned rival in the sector. **Page 20**

Heseltine defends secrecy over Belgrano affair

MR MICHAEL Heseltine, Britain's Defence Secretary, offered a new justification yesterday for the Conservative Government's refusal to disclose to parliament further information about the sinking of the Argentine cruiser General Belgrano, **writes Margaret van Hattem, Political Correspondent, in London.**

It could, he said, have led to requests for further information which might have been classified. For that reason he had decided not to disclose that the General Belgrano had reversed its course before it was sunk.

Mr Heseltine was speaking in a House of Commons debate on the sinking of the Belgrano during the 1982 Falklands war.

He was immediately condemned by Mr Denzil Davies, defence spokesman for the opposition Labour Party, who said that Mr Heseltine had behaved "totally dishonourably, could no longer command the confidence of parliament, and should resign."

Mr Heseltine had offered an "extraordinary" reason for not answering MPs' questions, Mr Davies said. To suggest that answers should be withheld lest they lead to requests for more information was a "strange, potentially dangerous doctrine."

He further accused Mr Heseltine of attempting a "character assassination" of Mr Clive Ponting, the civil servant who leaked documents about the sinking of the warship and was last week acquitted on charges under Britain's 1911 Official Secrets Act.

Mr Heseltine, who spoke for 70 minutes, was heard in silence for most of the time in a calmer and better humoured debate than had generally been expected. Mrs Margaret Thatcher, the Prime Minister, ignored opposition challenges to speak in the debate, but was present for the first 90 minutes.

Mr Heseltine said that Mr Ponting had been a party to his own decisions about providing parliament with information about the Belgrano and insisted that Mr Ponting had at no time expressed his dissent. Mr Ponting, listening from the gallery, shook his head at several points in Mr Heseltine's speech.

Outlining the Government's case, Mr Heseltine argued that claims and questions about the sinking of the Belgrano were largely instigated by Argentine sources anxious to probe the scale of British intelligence activities.

But British information had come from "the most sensitive sources" which were as vital now as in May 1982. For this reason, the Government could not give the House of Commons "every single detail."

Much of Mr Heseltine's speech, however, concentrated on Mr Ponting's role in the decision-making process. He suggested that Mr Ponting had deceived ministers, appearing to support their decisions while writing anonymously to Mr Tam Dalyell, a Labour member of parliament, urging him to persist with his questions to ministers.

The secrets charges of which Mr

Continued from Page 18

Alfonsin's low-key approach, Page 4

Bonn resists EEC budget compromise

BY QUENTIN PEEL IN BRUSSELS

WEST GERMANY was last night holding out against a compromise deal on how to finance the estimated Ecu 2bn ($1.36bn) gap in the EEC budget and Britain's promised Ecu 1bn budget rebate in the course of 1985.

The plan put forward by Italy, which is currently president of the EEC Council of Ministers, would try to link finance for the short-fall in farm spending and the British rebate with an increase in the long-term rate of contributions to the EEC budget, in an effort to resolve the Community's recurring financial crisis.

Attempts to agree on the deal were suspended last night to await the arrival of Herr Hans Dietrich Genscher, the West German Foreign Minister, but German officials said that it remained unacceptable, because it required member states to increase their contributions before January 1 1986, when Spain and Portugal are due to join the Community.

The Italian compromise, which was forcefully backed yesterday by M Jacques Delors, President of the European Commission, would require member states to finance the budget gap by means of an inter-governmental agreement to pay non-reimbursable advances.

It would allow Britain to withhold Ecu 1bn from its regular contribution to the EEC budget once all 10 national parliaments had ratified the decision to increase the Community's resources by raising the rate of long-term contributions from the present 1 per cent value-added tax (VAT) ceiling to 1.4 per cent.

It would also allow that decision to come into effect before January 1 1986, provided there was unanimous agreement by all member states effectively giving West Germany a veto if the enlargement negotiations with Spain and Portugal are not concluded in time.

The Italian deal is widely regarded as the best available compromise given Bonn's absolute refusal to allow an early increase in budget contributions without the link to the enlargement talks.

Herr Genscher is none the less committed to a German Cabinet decision taken on February 8 to stick by its alternative plan for one overall inter-government agreement on the 1985 finance, including repayment of the British rebate.

The foreign ministers last night made a new attempt to agree their negotiating positions for the enlargement talks with Spain and Portugal, but there were disagreements still on the agriculture and fisheries questions. The ministers were urged by members of the European Commission to accept a series of compromises to move towards the position of the applicant states, but last night showed little signs of agreeing to this.

President Sandro Pertini of Italy said he had turned down an invitation to address the European Parliament as part of the 40th anniversary of the end of World War II in Europe, because he refused to "play second fiddle to Reagan." President Pertini had been invited to join the U.S. President in Strasbourg on May 8 and address the parliament on the following day. Page 3

Ecu bank lending jumps to $23.6bn

By Peter Montagnon in London

INTERNATIONAL bank lending denominated in Ecus, the currency basket of the EEC, jumped to the equivalent of $23.6bn at the end of September last year from just $6.5bn in December 1982, according to a study by the Bank for International Settlements (BIS).

More than two thirds of the increase came in the first nine months of last year alone, says the BIS. The bank is studying a request from commercial banks that it should become the clearing house for international transactions denominated in Ecus.

By last September the Ecu had far outstripped currencies such as sterling and the French franc as a vehicle for international bank lending, the study shows. Loans denominated in sterling totalled only $15.8bn equivalent, and those in French francs $14.9bn.

The Ecu has been taken to fourth place, behind the D-Mark, yen and Swiss franc, as a non-dollar vehicle for bank lending. The main impetus has come from borrowers in France and Italy seeking a stable alternative to dollar borrowing that does not entail a large exchange risk.

But the BIS notes that bank depositors are less interested in holding funds in Ecus. Such deposits have grown much less slowly than Ecu loans. At the end of last September they totalled only the equivalent of $18.7bn, and deposit activity was largely confined to Belgium and Luxembourg whose banks have aggressively marketed Ecu accounts.

This has meant that banks have had to concoct Ecus by borrowing the individual component currencies in the interbank market, the BIS says.

Drop in international lending, Page 20

Peugeot's better results may lead to equity issue

BY PAUL BETTS IN PARIS

PEUGEOT, the French car group, cut its losses considerably in 1984, M Jacques Calvet, chairman, said yesterday. It also expects to report a small net profit this year. The group embraces the Peugeot, Citroën and Talbot marques.

M Calvet, reflecting a growing confidence in the financial recovery of the group which lost FFr 2.6bn ($260m) in 1983, indicated that Peugeot was considering raising new equity in the second half of this year.

Despite a depressed domestic car market Peugeot has succeeded in cutting losses through reducing jobs and holding wage increases below the French inflation rate. The Peugeot group shed almost 18,000 jobs last year, the equivalent of about 10 per cent of its total workforce.

The group has benefited, moreover, from the strong commercial success of the Peugeot 205 supermini. It has been boosted by the success of the 205 turbo model in the world rally championship.

Although the group continued to be burdened by some FFr 30bn in total debts, M Calvet said group investments would be kept at a sustained rate in coming years. After investing a little more than FFr 4bn last year, the group was planning investments of more than FFr 5bn this year and of more than FFr 6bn in 1986.

M Calvet said yesterday that the Automobiles Peugeot division, which includes the Peugeot and Talbot marques, was expected to break even or even show a small profit for 1984. Citroën, however, would again show a heavy loss in 1984 including full provisions to cover its substantial job restructuring operations last year.

M Calvet added that the improvement in the group's overall performance was also in part a result of tighter control over stocks. His aim was to reduce stocks from less than 12 days' supply in 1984 to less than six days' supply within three years.

The eventual raising of new capital by Peugeot would help to restore the shareholder capital of the group which has fallen from FFr 13bn to FFr 5bn as a result of the group's heavy losses in recent years.

At the same time, M Calvet said he was confident his group would shortly be granted FFr 2bn in soft loans from the French Government's industrial modernisation fund (FIM) to help investments for the launch of the new Citroën small minicar next year.

M Calvet indicated that a decision on the future of the group's troubled Talbot marque would be taken in the "next two to three months." Talbot has now slumped to 1.4 per cent of the French market.

M Calvet would not say whether the new medium-sized car, code-named C-28, which was originally due to replace the Talbot Horizon, would be called a Talbot or a Peugeot.

He did not rule out, however, Peugeot following the U.S. example of giving the new car a different brand name for different markets. The C-28 might be sold as a Peugeot in France and as a Talbot in the UK or Spain, where Talbots are currently produced.

The French domestic car market was expected to have another difficult year in 1985, M Calvet said. He expected new registrations to total 1.85m cars this year against 1.76m in 1984. New registrations last year

Continued from Page 18

BMW sales rise, Page 20

Thais pull together to loosen grip of state industries

By Chris Sherwell, recently in Bangkok

WHEN A Thai takes a train, bus or aircraft; turns on his tap or light; or tries to telephone a friend, he deals with a state-owned company. The same is true if he arrives at a port or airport, drives on an expressway or even buys cigarettes.

Thailand's 65 state enterprises are also involved in agriculture, mining, manufacturing, trading, banking, insurance and tourism. But recently they have collectively managed to irritate a new and unexpected quarter with their ubiquity – the Government.

The problem is, that they are spending money in amounts larger than the central Government's own total budget of about baht 210bn ($7.5bn). Worse, they are running up large deficits. With the Government's own deficit far higher than expected this year, public sector finances are coming under serious strain.

The Government has been aware of the growing problem for years but has tended to avoid it. Now, under Mr Sommai Hoontrakul, finance minister, the country's economic managers seem to be responding. "At least," says an independent economist, "the Government seems to be acting, pulling together."

Earlier this month Mr Sommai – who recently warned that Thailand faced its first "zero growth" budget in the next fiscal year, starting in October – ordered government departments to make recommendations within two months for reforming the state enterprises under their responsibility.

The reform plan, which includes options ranging from closure to privatisation, is a principal element of a larger economic strategy. For the past 18 months the Government has been struggling to contain large deficits in its external trade and its current account on the balance of payments. Last November it finally devalued the baht by 14.8 per cent.

The key problem has been Thailand's numerous major development projects. The Government allowed increased levels of foreign borrowing because domestic resources were inadequate and many projects were undertaken by state enterprises. Agencies such as the Electricity Generating Authority of Thailand (Egat), the Petroleum Authority (PTT) and Thai International Airways became big borrowers, and state companies have incurred two thirds of Thailand's external public sector debt.

The country's total debt, includ-

Continued from Page 18

Westmoreland and CBS settle Vietnam libel case out of court

BY PAUL TAYLOR IN NEW YORK

GENERAL William Westmoreland, the 70-year-old former commander of U.S. forces in Vietnam, and the CBS television network, yesterday outlined details of an out-of-court settlement which brought to a close Gen Westmoreland's controversial $120m libel suit against the network.

A joint statement released yesterday at a press conference said: "Both Gen Westmoreland and CBS believe that their respective positions have been effectively placed before the public for its consideration and that continuing the legal process at this stage would serve no further purpose."

Under the terms of a settlement thrashed out between lawyers over the weekend, CBS will not disavow a January 1982 documentary on the Vietnam war, called The uncounted enemy: a Vietnam deception, which Gen Westmoreland claimed libelled him.

The programme accused the general of being involved in a "conspiracy" in 1967 to show progress in the war by deliberately under-estimating the real strength of North Vietnamese and Vietcong enemy forces.

As a result of the "conscious effort," the documentary said, President Lyndon B. Johnson and American troops, as well as the public, were left "totally unprepared" for the Tet offensive of January 1968.

Yesterday's carefully worded joint statement said: "CBS respects Gen Westmoreland's long and faithful service to his country and never intended to assert, and does not believe, that (he) was unpatriotic or disloyal in performing his duties as he saw them.

"Gen Westmoreland respects the long and distinguished journalistic tradition of CBS and the rights of journalists to examine the complex issues of Vietnam, and to present perspectives contrary to his own."

Under the terms of the settlement CBS will not pay any money to Gen Westmoreland, although the television and entertainment group has agreed not to demand payment of court costs.

In a statement released by CBS accompanying the settlement, the network said: "We regret that Gen Westmoreland and his supporters felt compelled to bring this suit. We feel now, as we did three years ago, that this issue should never have been brought to the courts."

The apparent resolution of the case came after weeks of secret negotiations between lawyers representing both sides in the controversial libel suit.

The trial, which has run for 18 weeks in the New York courts, involved 36 witnesses, including most recently a string of former U.S. Central Intelligence Agency (CIA) advisors, and is believed to have cost between $7m and $9m.

The move for an out-of-court settlement is reported to have been started by Mr Dan Burt, the general's principal lawyer, who had earlier described the documentary as "a powerful work of fiction."

Mr Burt is understood to have approached CBS lawyers several weeks ago to ask whether CBS would press for some of the networks' trial costs, estimated at about $200,000 if the general abandoned the case.

Helms bid for control of CBS, Page 5

CONTENTS

Almost 22% of Spain's workforce unemployed at the year's end

UNEMPLOYMENT in Spain —*proportionally the heaviest* in Western Europe—reached *a record 2.87m* at the end of last year, almost 22 per cent *of those* who want to work, according to final quarter figures published by the National Statistics Institute, writes Patrick White in Madrid. Roughly two in every five unemployed Spaniards were looking for their first job. Of the rest, the services sector had the largest unemployment, followed by *manufacturing industry* and construction.

These figures are particularly disquieting for the Socialist Government, which, following a sharp improvement in the external accounts last year, has set its sights on halting the decline in employment. They show not only more jobs lost last year than *the year before but also a* recent acceleration. The total of jobless was almost 6 per cent up on the previous quarter and 18 per cent above the level a year ago.

The survey figures show an increase of more than 600,000 in unemployment since the Socialists arrived in power *in* late 1982, and a fall of more than 500,000 in the number who have jobs. However, the Government argues that these figures are falsely inflated by the inclusion of some 120,000 agricultural workers in the south of the country who have joined community labour schemes but are not counted as working.

Even when *this is taken* into account, last year's performance on the job front was the worst since 1981 and demonstrates the extent of the setback the Socialists have suffered since promising in their election campaign to create 800,000 jobs.

The Government would now have to create some 1.2m jobs in the next two years in order to achieve that aim before the end of its current mandate.

GIBRALTAR EXPECTS 1,000 JOBS TO BE CREATED IN THE NEXT 12 MONTHS

Spaniards eye work over the border

BY JOSEPH GARCIA IN GIBRALTAR

MORE THAN 2,000 Spaniards have already applied for jobs in Gibraltar, and an average of 70 new applications are being received daily, since the border was opened two weeks ago. The interest in *Gibraltar jobs* is not surprising given the high level of unemployment in Spain, and although at present there are only limited job opportunities, the future looks optimistic.

The greater economic activity already being generated by the full opening of the Spanish border should cause the creation of at least 1,000 new jobs in the next 12 months, an increase of about 10 per cent *on the current workforce total* of 12,000, Dr Reginald Valarino, the Minister of Labour, said.

Of nine new work permits issued last *month* before the border opened, four went to Spaniards. Official records show 125 Spaniards with work permits, but a more realistic total is unofficially put at about 300.

BUSINESS HAS boomed in Gibraltar in the two weeks since Spain reopened the frontier, local officials and traders told Reuter. They said some 60,000 visitors, more than twice the local population, had swarmed across the border since the gates were opened on February 5 *after* a 16-year blockade.

The frontier closure severely depressed local business and reduced tourism to a trickle. Now, shops are staying open longer, banks are crammed, hotels are *filling* up and pubs and restaurants are having to turn away customers. The local branch of the British department store Marks and Spencer, says sales have doubled.

"Any business person who says he can't make a decent living in Gibraltar today must be a born failure," said Haresh Budrani, secretary of the Indian merchants association, which controls much of the high street trading.

An agreement is being finalised between the authorities on both sides whereby job vacancies on *the Rock will be notified to* the other side. The catering, building and retail trades are all poised for expansion from the resurgence of activity.

But for the dwindling Moroccan workforce of over 2,000, these are days of apprehension. They see their future threatened by the commuting Spanish frontier workers despite *official assurances to* the contrary. Even the unemployed Moroccans, who totalled 40 at the last count, obtain priority of employment over non-EEC newcomers.

The spreading disquiet has resulted in a visit to the Rock this week of a Moroccan Government official who has *also been investigating* restrictions being imposed by the Spanish frontier authorities on Moroccans crossing into Spain.

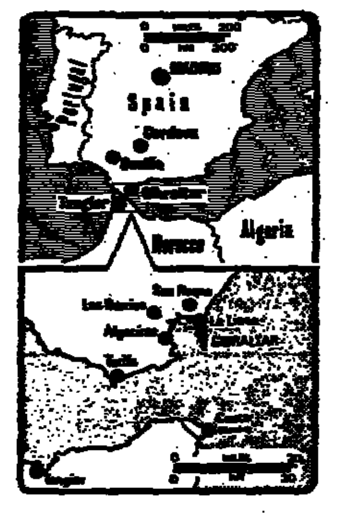
The *latest unemployment* total for Gibraltar, at 500, may well be the lowest in Europe in percentage terms, but it can make a fair impact in a small, interwoven community, especially when 380 of them are *Gibraltarians*. The figures are based on people who actually register as unemployed, so the real total should be higher.

Gibraltar had *feared* a *major* unemployment crisis following the closure of the naval dockyard at the end of last year when 700 people were made redundant. There was already a recession in the building *industry and* the commercial sector was stagnant. However, a combination of factors — voluntary redundancies, Moroccans returning home with their gratuity payments and 500 jobs at the new commercial yard, resulted in fewer than 100 workers joining the dole queue.

Gibraltar has always required a substantial imported workforce to cope with an incidence *of economic activity which is* out of proportion to its miniscule size. It cannot be compared with a community of 30,000 which forms part of a large country. The rock must be as self-sufficient as it can and must orginate its own services, such as electricity and hospitals. Public sector employment accounts for at least half the labour market.

When Spain first placed restrictions on its own workforce in 1954 there were as many as 15,000 Spaniards working on the Rock: when the frontier was closed in 1969, the figure was just under 5,000. Now, the unions fear that the rock may eventually be *swamped* by Spaniards, who have acquired "Community preference" by virtue of the Brussels agreement which secured the border opening.

Once the *expected* 7-year EEC transionary period ends, Spanish workers will have equal rights with other EEC nationals in Gibraltar and preference over non-EEC nationals, such Moroccans. Although Gibraltar joined the EEC at the time of British entry in 1973, it *is only now that it has* become physically joined to mainland Europe. This is seen as posing a real threat for the first time.



Warsaw claims Solidarity has links with CIA

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH authorities have followed up their warning to Mr Lech Walesa to stop calling for protest action or face arrest with accusations *that* his banned Solidarity trade union *has links* with the U.S. Central Intelligence Agency.

The charges, which could precede important political trials, came in a two-part prime time television programme broadcast on Sunday evening and last night. Solidarity has *called for* protests against forthcoming food price rises, including a 15-minute token general strike at noon on February 28.

Three top Solidarity leaders have already been arrested over the protest call. One of them, Mr Bogdan Lis, was amnestied a *mere two months* ago and the other two freed under the July amnesty for political prisoners.

The Interior Ministry now claims to have come into possession of a number of documents from Solidarity bureaus abroad as well as correspondence between the union's underground leadership and its representatives in the West which suggests a link between the union and the CIA.

Colonel Zbigniew Pudysz, the head of the Interior Ministry's investigative department, appeared in the television show surrounded by documents and computer discs which he said contained Solidarity material.

The colonel's message was that Mr Jerzy Milewski, the union's chief delegate in the West, was a traitor with CIA links. He went out of his way to underline Mr Bogdan Lis's *contacts* with Mr Milewski. This would suggest that the authorities are considering putting Mr Lis on trial, a development which the July amnesty, under which the eleven top union and dissident leaders were freed, was designed to avoid.

● Poles deposited a record amount of *privately owned* hard currency with state banks last year. Such deposits grew by a record \$220m to reach \$900m by December 31 and are expected to top \$1bn this year.

But 40 per cent of last year's total was paid in in the last two weeks of December after the Finance Ministry announced that the rules on deposits would be changed.

From April 1, Poles will have to document the source of the deposits. Those that are earnings or gifts from abroad will still be *freely available*, but hard currency bought on the black market will have to go into "quarantine" in non-interest-bearing accounts for a year. Polish banks at present pay interest rates of 5 per cent on current accounts and 12 per cent on a three-year deposit account, tax free.

Editorial comment, Page 16

Yugoslav doubts about loan bid

BY ALEKSANDAR LEBL IN BELGRADE

YUGOSLAVIA, already deep in negotiations *for* a new standby loan from the International Monetary Fund, is shortly to open discussions about new loans from the World Bank, with officials in Belgrade divided about how much more to borrow from the international aid agency *in view of the* country's high debt level.

The authorities believe they could borrow as much as \$2.5bn *from the World Bank, in loans* both for projects and structural adjustment, *over the next four* years. But equally, they are concerned not to raise the overall level of debt, despite World Bank terms being more favourable than commercial ones.

By the end of 1984, Yugoslavia drew on \$265m of its \$275m first structural adjustment *loan from the World Bank, with* each borrowed dollar generating thre dollars in extra exports. In negotaitions for another such loan, however, Yugoslavia would like to be allowed to use the money for import of some capital equipment, as well as raw and intermediate materials.

Meanwhile, negotiations here with the IMF for a new standby loan entered their second week, with the main stumbling block apparently being Yugoslav insistence on the current agreement on interest rate levels.

Under the existing standby arrangement, which runs out on *March 31, interest rates should* be raised one percentage point above the inflation rate by April 1 and keep pace with the rate of price rises thereafter. But on present trends this will entail interest rates rising to 70 per cent by April and to nearly 80 per cent by mid-summer, according to officials here.

Rampant black economy keeps Georgians on the road

BY PATRICK COCKBURN IN MOSCOW

A STUDY by the police in the southern republic of Georgia shows that 40 per cent of foreign cars, which sell for large sums, are bought by workers in the services sector such as car mechanics and shop managers.

The capacity of those illegally providing services to pay well in excess of the official price of up to £20,000 for a Mercedes proves the existence of a large black economy providing for consumer needs.

A recurrent theme in the Soviet Press is the large profits *made by people supplying services*, often purloined from the state, which otherwise cannot be obtained. People *who* provide such services are accused of living like prerevolutionary aristocrats.

The study, published in the Georgian daily, Eastern Dawn, singles out shop managers and drivers who use Government-owned vehicles and petrol in their *own* black economy businesses as stypical beneficiaries of the shortage of services. Only through "illicit means" can they afford the astronomical sums needed to buy Chryslers, Mustangs, Tuyotas and Buicks, *it says*.

The failure of Soviet planners to provide sufficient spare parts, maintenance facilities and petrol stations for the 22m cars and *motorcycles* on the roads has led to a rampant black market.

The Interior Ministry has pointed out that while the number of privately-owned vehicles has risen 180 per cent *in the past seven years, petrol* sales are up by only 20 per cent. The difference between the two figures is explained by extensive theft from the state.

The provision *of services* in the Soviet Union has lagged *behind* rising real income. A study by two Soviet sociologists last year shows that Soviet citizens *would be prepared* to double the 10 per cent of their spending devoted to services, if they were available. (In France, spending on services *is* 35 per cent.)

Education and health are provided *free*, transport and housing cost only a nominal sum, *but there is a big demand for* tailors, plumbers and shoe repairers, *for instance*, even in Moscow where the situation is better than in the rest of the country.

● The Soviet Union has escalated its attacks on China for suplying Afgan guirrillas with weapons and training. The official Soviet news agency Tass yesterday said that China had suplied rockets fired into residential areas in Kabul, the Afgan capital.

The reference to the Chinese government as "the Peking hegemonists" is more hostile in tone than recent references in the Soviet press.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates \$420.00 per annum. Second class postage paid at New York, NY, and at additional mailing offices. POSTMASTER: send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

EUROPEAN NEWS

Fewer days lost in France through strikes

BY DAVID HOUSEGO IN PARIS

THE NUMBER of working days lost through industrial strikes continued to fall last year in France despite the sharp increase in unemployment and the fall in real wages.

According to statistics issued by the Ministry of Labour, the number of man-days lost through strikes initiated at plant level—the most reliable indicator of labour unrest—fell last year to a monthly average of 110,000. This is marginally down on 1983 but reflects a long trend of diminishing strike action.

The three occasions over the past decade in which there has been a significant surge in the number of days lost in industry were in 1975-76, 1979 and 1982 (the first full year of President Francoise Mitterand's administration). However, plant level strikes—as measured through the number of working days lost—were a third down last year on the 1975-76 level.

At the same time, the number of strikes instigated by unions at national level has also continued to fall. According to provisional figures from the Ministry of Labour, days lost fell to a monthly average of 3,000 compared to 13,000 in 1983 and 6,000 in 1982.

Both sets of figures reinforce other evidence of a long-term decline in the power of the unions in France. The clearest sign of this has been the decline in union membership which has particularly affected the Communist-led CGT and the pro-Socialist CFDT.

A recent public opinion poll showed that only 18 per cent of the industrial workforce was prepared to strike, with an even smaller proportion of militancy among the young.

Unemployment in France rose last year by 13.4 per cent to 2.48m on a seasonally adjusted basis. Hourly wages in industry rose by 6.2 per cent, compared to the 6.7 per cent inflation rate.

Israeli leader in Rome to see Craxi and the Pope

BY ALAN FRIEDMAN IN ROME

ITALY'S Prime Minister, Sig Bettino Craxi, last night welcomed Mr Shimon Peres, the Israeli leader, to talks in Rome which Italian officials hope will contribute to the search for peace in the Middle East.

Mr Peres's three-day visit is the first ever by an Israeli head of state and is being viewed by Sig Craxi as an opportunity to demonstrate his country's even-handedness in the region, according to a senior government official.

The Israeli leader will have an audience today with Pope John Paul and the two are expected to discuss the possibility of the Vatican granting official recognition to the Jewish state.

Sig Craxi: contributing to the dialogue

The Italians are particularly concerned that the Peres-Craxi talks go well in the wake of a controversial meeting Sig Craxi held in December in Tunisia with Mr Yasser Arafat, the leader of the Palestinian Liberation Organisation. Sig Craxi was criticised by several of his own coalition partners after the Arafat meeting and an earlier visit by Mr Peres was reputedly postponed because of Israel's irritation about it.

An aide to Sig Craxi last night stressed that Italy's warm and numerous ties with Arab countries "do not preclude our friendship for Israel."

Pertini's remark strikes note of discord

By James Buxton in Rome

SOME characteristically frank words from President Sandro Pertini have involved Italy in the controversy over how Europe should celebrate the 40th anniversary of VE Day.

Italy's 88-year-old head of state said at the weekend that he would not "play second fiddle to Reagan" by joining him before the European Parliament in Strasbourg on May 8.

Last December he accepted an invitation to address the Parliament on May 9, to celebrate not VE Day but the European ideal. This year is also the 35th anniversary of the European Declaration of Robert Schuman, one of the inspirers of the EEC.

But a number of European MPs, mainly of the Left, and including West German Social Democrats, hoped that he would also commemorate the victory over fascism. The idea evidently appealed to the President, who was a leader of the Italian Resistance against fascism during the war.

When the Parliament decided last week to invite President Ronald Reaagn to address it on the theme of VE Day on May 8, the president, M Pierre Pflimlin, asked the Italian head of state if he would like to come to Strasbourg a day earlier to be there with Mr Reagan, and deliver his speech the following day.

That idea evidently went down badly at the Quirinale Palace, which issued a remarkably blunt communique saying that Sig Pertini would not be going to Strasbourg on May 8.

Then on Sunday, Sig Pertini, by then in Egypt, explained to journalists what had happened. "I think the choice of Reagan to celebrate VE Day was a good thing," he said. "But then I asked myself: what am I going to Strasbourg to do? To play second fiddle to Reagan?"

But he also confirmed that he would be going to Strasbourg later, probably in June, just before his current seven-year term as President expires.

Yesterday, as some Italian politicians applauded Sig Pertini's decision and his frank explanation of it, Other scriticised him for an act of discourtesy.

Sig Giulio Andreotti, the Italian Foreign Minister, and M Pflimlin, tried to smoothe over the affair.

Rupert Cornwell reports on the pressures on West Germany to modify its plans

Bumpy ride for Bonn's car pollution curbs

"WHAT ARE our poor car buyers to do?" asked a leading West German newspaper the other day. The sympathy, it may safely be assumed, is sincere.

Once upon a time, the purchase of a new car in West Germany was a fairly straightforward financial calculation. But the arrival of an army of regulations for exhaust emission controls, an issue charged with political, emotional and business implications, has changed the situation.

The sums have already been complicated by the intricate system, devised by the Government, of incentives and penalties for those who do, and do not, opt to fit their cars with catalytic converters, and by the further requirement that all new cars are thus fitted from 1989 — or in the case of larger models from 1988.

From July 1 this year, the virtuous will benefit from a cut in annual motor tax, the duration of which will depend on the extent of the improvement in air quality. A 50 per cent reduction in emission pollution will earn lower road tax for the life of the car: if the reduction is only 30 per cent from present standard levels, the concession will last only three years.

From January 1, 1986, drivers who purchase a conventional new model, or who "stay dirty" with their existing car will see their motor tax go up from DM 14.40 (£4) per 100 cc of engine capacity to DM 21.60 and DM 18.80 respectively.

Three years later, low polluting news models will be obligatory.

Nagging fear

Now, if that were not baffling enough, another nagging fear —of official retaliation by Bonn's EEC partners to prevent these rules becoming law on schedule — has suddenly acquired ominous shape.

Last week it emerged that France had tabled formal objection to the West German plans in Brussels. The status of the complaint is still unclear, especially its duration, but this argument is in a sense secondary to the quandary of the ordinary consumer.

Already the car buyer has had to ask whether it is worth waiting until 1988 or 1989 to buy a new car instead of earlier, or whether it is better to convert an old model (now or later?) in preference to replacing it with a new one (clean or dirty?).

What, too, is his duty to the German forests, which led to the campaign to reduce vehicle exhaust pollution in the first place? All these considerations may now be submerged by a veto from Brussels.

The main victim of the confusion so far has been the West German car industry, which directly or indirectly provides one in seven of all manufacturing jobs in the country. Twice in the past few days it has appealed for an end to doubt at home, and for compromise abroad.

Herr Eberhard von Kuenheim, the chief executive of BMW, has demanded clarity. The manufacturers association reported a 20 per cent drop in orders in the last quarter of 1984, thanks entirely to fear and confusion over the anti-pollution question.

The Government is putting a brave and tranquil face on things. It will not allow itself to be blown off course, spokesmen insist, and car buyers can rely on what has already been promulgated. But such assurances, even given the formidable pressure of the environtalist lobby, may not cut much ice.

Speed limits

Admittedly only France has so far gone public with formal opposition, but Bonn knows that both Italy and Britain (if for slightly different reasons) feel much the same. They have pointed to the German's failure to reduce speed limits, when they are so worried about their trees.

There is a great deal at stake for France. Not only does it believe that the smaller cars in which the French, and Italian, industries specialise would be disproportionately hurt by the planned new German rules in so important an export market, but its own manufacturers, above all the state-owned Renault, are going through a very sticky patch.

For all those reasons few here doubt that a compromise must come. Bonn's affected indifference and the stridency of the French protest may, they feel, be ritual sparring in advance of the planned meeting of Community Environment ministers on March 7.

The obvious deal would be for smaller cars, up to an engine capacity of perhaps 1,400 cc, to be exempted, at least for a while, from the requirement to fit low pollution catalytic converters. The alternative, as Bonn realises, might be a bitter fight at the European court.

The exhaust emissions debate has been a classic illustration of how earlier consultation with interested parties could have prevented confusion between the Utopian and the practicable. A compromise of the type now on the cards is a distant cry from the trumpeting only last year that mandatory controls for new cars would be in force by 1986. Since then, for Bonn, it has been retreat all the way.

Vogel sees 'Star Wars' threat to nuclear arms deal

BY OUR BONN CORRESPONDENT

THE LEADER of West Germany's opposition Social Democrats, Herr Hans-Jochen Vogel, yesterday spelt out the fear that U.S. insistence on its "Star Wars" strategic defence initiative could block a deal with the Soviet Union on intermediate range nuclear weapons in Europe.

Speaking at a Nato meeting in Brussels yesterday, Herr Vogel argued that the top priority for Europe at the forthcoming Geneva superpower arms talks was a cut in medium range rockets, including the cruise and Pershing 2 missiles being deployed by Nato and the Soviet SS-20s.

West Germany, moreover, faced the extra menace of the shorter range Soviet rockets which have been sited in East Germany and Czechoslovakia since the first new Pershings arrived here in late 1983.

Referring with some scepticism to the whole "vision" of the Star Wars programme presented by President Ronald Reagan, Herr Vogel warned that after the Soviet Union's indication that it would only accept a "package deal" solution in Geneva, an agreement on medium range weapons would be even harder to achieve.

However, he went out of his way to stress the commitment of his party—often queried after its hostility to Euro-missile deployment — and to West Germany staying within the Atlantic alliance and to the crucial role of the U.S. nuclear deterrent in preserving the security of Western Europe.

It was unrealistic, Herr Vogel insisted, to suggest that West Germany could drift off into neutrality, as a means of removing the barriers between the two German states. Nor could he see any time in the future when Western Europe could guarantee its own security without the U.S. deterrent.

Robert Mauthner, Diplomatic Correspondent, writes: The acquisition by the Soviet Union of a global maritime capacity calls for an urgent review of Nato strategy to deal with the Soviet threat, particularly in the northern sector of the alliance, according to a study published today by the Institute for European Defence and Strategic Studies.

The Soviet Northern Fleet, operating from the Kola Peninsula, and its ancillary units, constitute the largest single concentration of naval power in the world, according to the study.

Once a conflict had begun, the Soviet Union could provoke a significant alteration in the balance of power in the Northern Region by occupying territory on the European mainland and various northern islands, and neutralising Norway and Denmark

Such operations could be accompanied by the deployment of the Soviet Northern Fleet, which would block Nato's reinforcements to the Scandinavian countries under attack, close the sea approaches and secure control as far as the North Atlantic and the English Channel.

To deal with the problem, the study recommends a full-scale strategic review, leading possibly to the creation of a new British-based Nato command with a British Supreme Allied Commander (Northern Europe) and a U.S. Deputy.

Moslems invade Sidon in riots against Gemayel

SIDON—Thousands of Moslem fundamentalists from Beirut, backed by hundreds of armed men, poured into Sidon yesterday, smashing liquor stores and demonstrating against President Amin Gemayel.

Shouting slogans against Mr Gemayel, Israel and the Lebanese army, they flooded into the main square of the city for a noisy two-hour demonstration demanding establishment of an Islamic republic.

Lebanese troops who took over Sidon when the Israeli army withdrew on Saturday appeared powerless to establish order.

At one army check-point, outnumbered troops tried to stop demonstrators who surrounded them and tore down Lebanon's national flag. Soldiers took back the flag and replaced it, but the demonstrators again tore it down, witnesses said.

They estimated there were betwen 10,000 and 12,000 fundamentalists, including 3,000 chanting women.

Escorted by gunmen with automatic rifels and grenade launchers, groups of demonstrators rampaged through the streets, storming into five stores to smash liquor bottles.

The demonstrators, mainly from west Beirut's poor Moslem suburbs, carried hundreds of placards of Lebanese Moslem figures and the Iranian revolutionary leader Ayatollah Ruhollah Khomeini.

Slogans also derided Sunday's visit by Mr Gemayel, who was carried shoulder high with his Prime Minister Mr Rashid Karami, during a rousing welcome to Sidon.

Shops closed hurriedly and residents retreated to their homes as the fundamentalists took over the streets from 10 am until late afternoon. Troops stayed at their posts but did not intervene.

Lebanese troops, meanwhile, consolidated positions opposite Israel's new front lines south and east of Sidon.

In Beirut, Mr Yassin Rajouh, Syrian Information Minister, said in a newspaper interview that Damascus wanted to withdraw 12,000 of its troops from Lebanon.

The men were needed for other duties in Syria if the Lebanese could ensure their own security, he added.

Syrian troops, previous estimated at 30,000 men, are stationed in north Lebanon and the eastern Beka'a Valley where they confront Israeli forces.

Israeli troops in the Beka'a are due to pull back in the second phase of a three-stage withdrawal from Lebanon.

Reuter

Lebanon survey, Pages 15-19

Lebanese terrorism 'is main security problem for Israel'

BY DAVID LENNON IN TEL AVIV

MR YITZHAK RABIN, Israel's defence minister, said yesterday that he sees Lebanese terrorism as Israel's main security problem in the near future.

He spoke as Israeli troops continued to be attacked in Lebanon, in spite ofthe completion of the first stage of the planned Israeli withdrawal.

He indicated that Israeli forces would return from time to time to Lebanon if it was deemed necessary to prevent the re-establishment of an anti Israel infrastructure in southern Lebanon after the final withdrawal.

The minister also said that Syrian troops would not be a threat to Israe las long as they remained deployed more or less in their present positions in Lebanon, implying that Israel would not object to minor changes in the current Syrian deployment.

Meanwhile, Israel hinted at a change of policy towards the Palestinians living under occupation on the West Bank and in the Gaza Strip when it deported the former PLO-Fatah commander in the Gaza Strip.

Mr Abdel Aziz Ali Shaheen was expelled to Lebanon late on Sunday night after the high court rejected his petition against deportation.

Israel expelled more than 1,000 Palestinians from the occupied territories between 1967 and 1980 when the policy was abandoned.

12 members of Seoul Cabinet replaced

By Steven B. Butler in Seoul

PRESIDENT Chun Doo-Hwan of South Korea has replaced 12 of his 22-member Cabinet, in the wake of last week's strong electoral advances for the political opposition.

The reshuffle has left intact the nation's key economic policy-makers as well as the Ministers of Foreign Affairs and Defence.

It comes amid a growing debate within the ruling Democratic Justice Party over its proper response to the election results, which are widely interpreted as a popular rejection of the Government's political programme.

Elements within the ruling party are proposing repeal of the law under the authority of which Mr Kim Dai-Jung and 14 other leading dissidents are barred from all political activity.

They also have pushed to have a party leadership and new Cabinet with a less "military" appearance. At present the leadership is dominated by former military officers.

Mr Lho Shin-Yong, the director of the National Security Planning Agency (formerly the Central Intelligence Agency) has been appointed Prime Minister.

Although the Prime Minister is South Korea's senior Cabinet official and successor to the President, his power is vastly overshadowed by the presidency. The previous Prime Minister, Mr Chin Iee-Chong, has been ill for several months.

Mr Chung Suk-Mo' a Government adminstrator, was appointed Minister of the Interior.

The appointment marks the first time since President Chun came to power in 1980 that the Interior Minister comes from a non-military background. The Ministry controls the national police force.

The appointment of Mr Lee Won-Hong as Minister of Culture and Information may provoke some controversy among the opposition.

Mr Lee has been president of the state-run Korea Broadcasting System, which was heavily criticised for giving "preferential news coverage" to the Government party during election campaigning.

The new Cabinet leaves in place its Deputy Prime Minister for economic planning, Mr Shin Byong-Hyun, and Mr Kim Mahn-Jae, the Finance Minister.

UNREST IN SOUTH AFRICA

Forced removals spark new violence

BY ANTHONY ROBINSON

THE VIOLENCE which flared across the black townships of the Vaal triangle and the Eastern Cape last year spread yesterday to the squatter township of Crossroads, 20 kilometres from Cape Town.

Three black men died and many others were injured as riot police moved in with rubber bullets, birdshot and teargas to break down barricades.

These had been erected by residents enraged by a Government decision last Friday to speed up their forcible removal to the new township of Khayelitsha, 15 kms away.

Up to 70,000 people, mainly illegal refugees from the poverty-stricken Homelands of Transkei and Ciskei, live in Crossroads in makeshift homes of corrugated iron, cardboard and flattened tin cans.

The Government, which recently announced that it was reconsidering its policy of forcible removals, claims that the squatter township is a health and fire risk, and it is on these grounds that it has justified its decision to move the inhabitants.

But Crossroads, in spite of its poverty, is highly politicised and its unofficial leaders believe that the Government's real motives are not sanitary but the desire to move all blacks to Khayelitsha where they will be gathered together far from the city on an easily controllable site.

The root of the problem lies in the harsh living conditions and high unemployment in the neighbouring black Homelands—conditions which have been made worse by three years of drought and the current deep recession.

Every week buses from the Homelands arrive on the edges of Crossroads and the nearby black townships of Langa, Nyanga and Guguletu to disgorge more than 1,000 desperate men and women.

Poor and unsanitary it may be, but Crossroads is also in its own a way a monument to self-help and spontaneous organisation.

It has its own makeshift schools, clinics, churches and a thriving "parallel economy" of small shops.

It is the kind of township to be found all over the Third World peopled by refugees from rural poverty and overcrowding.

Until now, South African cities, where most of the country's whites live, have not been disfigured by the shanty townships which surround the cities of South America, Asia and the rest of Africa.

The panoply of Apartheid legislation has seen to that. The Group Areas Act, the influx control and pass legislation and the creation of so-called independent Homelands, has meant that those blacks legally entitled to live in white areas inhabit separate black townships adjacent to white areas. Those not entitled live in rural homelands many miles away.

The remorseless pressures of population growth, agricultural mechanisation, recession and drought have turned the practical application of Apartheid into a task of impossible proportions.

The Government implicitly recognised this so far as the Western Cape is concerned three months ago. At the Cape Nationalist Party congress, Mr P. W. Botha, South Africa's president, announced that the coloured preference rules which hitherto had made the Western Cape a privileged preserve, not only for whites but also, in a different way, for coloureds, (people of mixed race) were to be scrapped.

The Coloured Preference laws gave Coloured priority over blacks in all fields—from jobs to housing.

Increasingly, however, in recent years the forces of demography and poverty have led to a growing migration of blacks—most of whom have ended up in Crossroads or similar shanty town elsewhere in the province.

The ending of coloured preference is part of the attempt to come to terms with this new reality—and so is the decision to build the new town of Khayelitsha some 40 kms from Capetown on the sandy dunes of the Cape flats.

The site, on a former military training area, was personally chosen by President Botha who flew over the area in a helicopter.

To the Government, it looked the ideal site to house the estimated 350,000 blacks who are expected to live in the area by the end of the century.

Since then, the bulldozers have cleared acres of scrubland, and construction companies — including the local subsidiaries of UK groups such as Wimpey and Cementation — have built over 5,000 "core houses" on the blinding white sand.

Each tiny breeze-block house of only 27 square metres has a toilet and basin and two small rooms with a tin or asbestos roof. They stretch into the distance like lines of large dog kennels.

But they have water, waterborne sewerage, paved streets and electricity as an optional extra. Two schools for 1,100 pupils each have been built out of the 10 primary and four high schools planned.

Also on the blueprints are a hospital, clinics, supermarkets, building material stores for "do-it-yourself" extensions, parks and a rail link for completion by 1990.

The Government's main problem at the moment is persuading residents of Crossroads to move so far from jobs and the city to a township where they will have to pay rent and be under close supervision.

But such is the harshness and desperation in the Homelands from which the immigrants come, that in the longer term, the Government's main problem could well be stemming the flow to khayelisch of all those for whom such a home would be a dramatic improvement on their present state.

Mines take tougher line on black strikers

By Jim Jones in Johannesburg

THE MANAGEMENTS of two of South Africa's leading mines have adopted firmer approaches to illegal work stoppages with the dismissal of 794 men at the East Driefontein gold mine, 35 miles west of Johannesburg.

The sackings follow settlement of an illegal strike over working conditions by the mine's 11,000-strong black workforce.

The all-black National Union of Mineworkers (NUM) claims that the sackings are examples of selective victimisation, while management counters that the men have illegally refused to return to work and were therefore in breach of contract.

Legal action is being taken to evict the men from the mine compound.

At the same time, a curfew has been imposed by management at the Rietspruit opencast colliery near the Eastern Transvaal town of Bethal after a weekend in which NUM members are alleged to have assaulted and intimidated men wanting to return to work during a strike over the dismissal of two shop stewards.

In another development, 1,000 black employees at the Modderfontein dynamite factory near Johannesburg struck yesterday morning in support of pay demands.

Charges against Archbishop are dropped

By Our Johannesburg Correspondent

CHARGES THAT Archbishop Denis Hurley defamed the South African police were dropped yesterday by the South African authorities.

It was alleged that Archbishop Hurley, who is President of the Southern African Catholic Bishops' Conference (SACBC), had made statements in 1983 about Koevoet, the police counter-insurgency unit in Namibia (South-West Africa), which were defamatory or untrue and which alleged atrocities by Kovoet against Namibians.

The majority of Namibians, Archbishop Hurley said, do not see Swapo (the Namibian insurgent movement) as terrorists

Hu vows China will keep on fighting Vietnamese

BY MARK BAKER IN PEKING

THE Chinese Communist Party leader, Hu Yaobang, has vowed that China will continue its fight against the Vietnamese along their border.

Hu was commenting after an unannounced tour of China's frontline military positions on the frontier in Yunnan Province with top-ranking officials of the People's Liberation Army (PLA).

He commended the PLA forces for "defending the border and hitting hard at intruding Vietnamese troops."

A report on Hu's border tour, released by the official Chinese news agency, Xinhua, said it took place last week, but did not specify on which days.

Vietnamese troops crossed briefly into Thailand in hot pursuit of Khmer Rouge guerrillas during fighting near the border yesterday, but were repulsed by Thai troops, according to Thai military officers, Reuter reports.

Hu told border troops during his inspection: "It is an important policy of China to remove the threat posed by the Vietnamese authorities against the security of its border regions and safeguard peace and stability in South-East Asia.

"At no time shall we waver on this position."

Pakistan opposition leader rejects offer to be PM

BY JOHN ELLIOTT IN KARACHI

PAKISTAN'S military régime has failed to persuade the country's leading opposition politician, Mr Ghulam Mustafa Jatoi, to become Prime Minister and lend credibility to a new administration that will be formed after a General Election next Monday.

Gen Zia-ul Haq, who has been martial law President of Pakistan since 1977, has banned political parties from the election and is carefully vetting candidates.

A lot of politicians are standing as individuals, despite a boycott by their parties, and Gen Zia hoped that Mr Jatoi would stand and then become his Prime Minister.

Yesterday, Mr Jatoi, current leader of the banned People's Party of Pakistan, and a respected national figure, was put under house arrest.

In a private interview a few hours before he was arrested, Mr Jatoi revealed he had been offered the Prime Minister's job during top-level contacts with President Zia's régime in December, and again last month.

He said yesterday that he refused last month's offer because the President "did not intend to restore Pakistan's basic constitution of 1973 and wanted to retain too many of the Prime Minister's and elected parliament's powers."

Alfonsin adopts low-key response to Belgrano row

BY JIMMY BURNS IN BUENOS AIRES

"THE BELGRANO controversy in no way helps us in our efforts to gain recognition of our claim to the Malvinas. If anything it makes negotiations with Britain more difficult."

This frank confession, made recently by a high-ranking Argentine foreign ministry official, epitomises the curious attitude here to a controversy that has stirred the imagination of the British media and presented Prime Minister Thatcher and Mr Michael Heseltine, her Defence Secretary, with a serious challenge inside parliament.

For contrary to what most British observers had been led to expect, the circumstances of the sinking of the Argentine cruiser in May 1982 have failed here to sustain the attention of Argentine public opinion beyond the official outcry immediately following the event and the occasional newspaper translation—without editorial comment—of what has appeared in the British press.

Argentine officials, conscious of the hold which the state still has here on the local media, suggest that this low-key approach to the Belgrano incident responds to changes in diplomatic strategy which have taken place since President Raul Alfonsin came to power

"We want to show that there is a clear separation between the junta and this democratic government and to do that we have to look towards the future and not bang on about the war," one official commented.

Argentine officials interpret the Belgrano controversy as a British domestic political issue which has little to do with the rights and wrongs of the Falklands dispute, but a great deal to do with the Labour Party's attempts—and to a lesser extent the Social Democrats—to topple Mrs Thatcher from power.

But they are worried that the Belgrano controversy may distract British public opinion away from what are seen here as the "real issues"—the questions of sovereignty, the lifting of the exclusion zone, and the resumption of trade and diplomatic relations—and risking playing into the hands of Mrs Thatcher.

It is alleged here that the Prime Minister still very much likes to "glory" in the militarist dimension to the conflict.

The Alfonsin Government also seems to be worried that such an attitude has a potential echo in Argentina, where the political establishment is still deeply divided about the precise lessons which should be drawn

In particular there is a striking contrast between the views of the ruling Radical Party vis-a-vis the Belgrano incident and those held by members of the armed forces.

"The Government is consciously trying to make us forget about the war because it doesn't want to let the military take any credit for the past," complained Admiral Horatio Zaratiegui, the former commander of the naval base of Ushuaia.

Admiral Zaratiegui is only one of a number of people linked to the former military regime — they include former Foreign Minister Sr Nicanor Costa Mendez — who have made no attempt to hide their satisfaction with what Messers Dalyell and Ponting have exposed. Their views are shared privately by the current military high command.

Indeed it is because they believe that every fresh revelation represents a vindication of the Argentine military's version of history that these same former officials have been instrumental in providing some of the evidence now being considered by the British

Panama seeks U.S. support for budget

By Robert Graham in Panama City

SR FERNANDO VASQUEZ, Panama's Economy Minister, is this week holding key talks with senior members of the Reagan Administration in Washington to obtain assurance of U.S. budgetary support.

Sr Vasquez will also meet officials of the International Monetary Fund to explain details of the Government's proposed austerity package. A $650m (£601m) standby credit from the Fund is dependent on the package.

President Nicolas Ardito Barletta's Government needs the clear support of the U.S. Government and the IMF if the present economic package is to stand a chance of public acceptance.

Last November, after only a month in office, President Ardito Barletta introduced a set of tax increases that provoked violent protests. The severity of the measures coupled with the way they were presented angered his own Revolutionary Democratic Party (PRD) and the opposition.

As a result, the President was forced to withdraw the measures in December, which meant that Panama had missed the chance of a voluntary agreement with the IMF.

The IMF is demanding austerity measures from Panama as a condition for easing the burden of payment on the country's $3.7bn foreign debt. This is one of the highest per capita foreign debts in the world, and represents over 75 per cent of GDP.

In Washington Sr Vasquez is expected to explain the new proposals which seek to cover a $164m budget deficit with a mix of corporate taxes, hiving off state owned assets and expenditure cuts. The Government has avoided proposing any tax that would directly affect the consumer.

The U.S. has sent $54bn in budget support to Panama for 1985, the first such assistance in several years, plus $18m in development assistance. However, the Government is concerned that it may not fully cover the budget deficit and would like assurances of additional U.S. support if necessary.

The Government is also trying to squeeze some more revenue from the 1977 Canal Treaty. In particular there is an unresolved issue of taxes

Helms may need more than the moral majority

BY TERRY DODSWORTH IN NEW YORK AND NANCY DUNNE IN WASHINGTON

SENATOR JESSE HELMS, hero of the American far right, has mounted some exceptionally provocative attacks against the liberal establishment since he emerged from the North Carolina bible belt to become a leading Republican politician. But his latest effort, a bid for control of CBS, America's premier broadcasting network, could well be his most controversial yet.

The move against CBS has all the trademarks of a typical Helms campaign. A former radio journalist himself, Senator Helms has built his very considerable Washington presence on a populist oratorical style aimed dead centre at arch-conservative phobias.

Like President Reagan, he sees himself as a defender of the traditional values of family and religion. But Senator Helms is unquestionably at his best when on the attack, lambasting the liberals for what he sees as the destruction of American values — "atheistic schools, rampaging crime, Godforsaken homes, drugs, abortion, pornography, permissiveness and a sense of cynicism and spirital desolation unprecedented in our country's history," as he wrote in one memorable fulmination.

Why Senator Helms has decided to take on an organisation as big as CBS is not clear, but the company's offence is obvious enough. A fund-raising letter sent out to 1m conservatives by Fairness in Media, a pressure group established for the campaign by Senator Helms, talks of combating the "flagrant bias in the liberal news media." It characterises CBS as "the most anti-Reagan network," and says that one of the company's commentators, Mr Bill Moyers, 'lauuched an attack that made it appear that President Reagan's policies were hurting the poor." CBS, added Senator Helms, "refused to give President Reagan the chance to give his side of the story."

According to documents filed with the Securities and Exchange Commission (SEC), the administrative body for the securities industry, Fairness in Media is aiming to place two directors on the board of CBS. The pressure group says that it is considering a proxy fight in which it would seek to persuade shareholders to elect the directors, and that it is in "discussions" with third parties over transactions seeking control of the company.

The letter sent out to potential supporters leaves little doubt that Sen Helms is deadly serious in this bid for control. Just to cover the cost of mailing and telephone solicitations, Fairness in Media is seeking $500,000. The money will be spent by Jefferson Marketing, a North Carolina publicity outfit linked to the Congressional Club, the political organisation, which runs all of Mr Helm's campaigns.

In addition, Fairness in Media asks supporters to go out and buy CBS shares—from "one" to "several thousands"—or alternatively to send in donations "of $15 or $25 . . . or even $50 or $100 . . . or even $250 or $500."

It will certainly require donations from a very considerable number of well-wishers to put CBS in range of Sen Helms and his cohorts. At the present market price of $79½ a share, the broadcasting group is valued at $2.36bn, so control (or just over 50 per cent) would require around $1.2bn. If every contributor bought 10 shares, at the not inconsiderable personal cost of $796 before commissions, a majority would require the support of no less than 1.5m individuals. These figures reflect bargain basement prices: if the campaign began to look serious, the CBS shares were pushed up to anything like the current going rate for U.S. media businesses, the prices could be anything from 50 to 100 per cent higher.

Senator Jesse Helms . . . sees himself as the defender of traditional American values of family and religion

There are other reasons, apart from money, for a degree of scepticism over the campaign. CBS, for one thing, has an elaborate procedure for electing directors and this would put up something of a barrier to a bidder; any takeover would also have to be approved by the Federal Communications Commission, another lengthy process; and some analysts believe that a takeover move against one of the top broadcasting companies would pose very particular political problems.

"If it comes to the question of control, I am not sure what the rules would be," says Mr Ken Noble, of Paine Webber, the New York securities firm. "The networks don't have a great many friends in Washington, but I would not be surprised to see legislation to prevent a takeover if we got to that point."

It is difficult to tell how much weight is being given to these arguments either by Mr Helms's supporters or Wall Street speculators. CBS shares have risen by around $4 since Fairness in Media declared its hand, and trading volume has mounted to roughly two-and-a-half times its normal level. But some of this might easily be explained by the overall buoyancy of the New York equity market, which has been reflected in both higher volume and prices of most media stocks over the past month.

Despite these caveats, CBS is uncomfortably aware that it is very dangerous to underestimate Mr Helm's clout, or his knack for selecting an issue that will mobilise the far right's renowned Moral Majority.

He is, for a start, a brilliant fund-raiser. His Congressional Club, put together to pay off debts from his first Senatorial campaign, has since raised money for any number of conservative Republican causes, and is reckoned to be one of the most effective private political machines in the country. In his recent, narrowly-won fight to retain his North Carolina seat against Governor James Hunt, an extremely popular moderate Democrat, Mr Helms raised and spent a record amount of money in a senatorial campaign, more than $15m.

He has also proved to be a skilful wheeler-dealer as the leading Congressional spokesman for the tobacco lobby. And, back in 1980, he earned an incalculable credit with the present White House by turning around Mr Ronald Reagan's faltering primary election campaign. In a characteristic aggressive manoeuvre, Sen Helms insisted that to win North Carolina, Mr Reagan had to become much more hard-hitting on Russia, world Communism and the limits of detente—a change of tactics which swept the state out of the reach of President Ford, and put Mr Reagan on the road to the White House.

CBS itself is certainly not ignoring the challenge. The broadcasting company has filed suit in a Manhattan court charging that the Fairness in Media campaign is, in effect, a political fund raising effort, and that the pressure group has made "false statements" to the SEC. It is also seeking to prevent the North Carolina group from getting access to its list of shareholders.

The company adds that it will take all "appropriate" steps to maintain the independence of its news organisation, appealing to the authority of Mr Walter Cronkite, its most famous newscaster, as evidence of its impartiality. "Walter Cronkite used to say that he had never received a call from the corporation saying that he should or should not use a story," says the company.

This is beginning to look like one of those stories that could run and run.

Taxpayers may face bill for Expo '86

By Bernard Simon in Toronto

BRITISH COLUMBIA taxpayers are expected to be asked to help finance Vancouver's ambitious trade and transport fair, Expo '86, following an estimate by organisers that the fair will chalk up an unexpectedly high deficit of more than C$300m (£204m).

The fair, intended to provide a much-needed boost to the British Columbia economy, is due to open in May 1986. But preparations have been dogged by controversy, including the fair's financial viability and the use of non-union labour at the construction site.

The provincial government initially hoped that a shortfall between revenues and expenses (the latter are estimated at around C$800m) would be met by a special lottery.

The lottery is expected to raise no more than C$250m, leaving about C$60m still to be found. Mr Michael Bartlett, Expo's President said: "I don't know how or where (the government) is going to get that."

The ultra-conservative government of the province earlier promised that no taxpayers funds would be used for the project.

The Vancouver organisers cut the estimate of visitors to Expo '86 from 15m to 13.7m after studying last year's loss-making world fair in New Orleans. Some of Expo '86's staff have been laid off, a sports programme has been curtailed and the performing arts budget cut.

Although the theme of Expo '86 is transport and communications, the organisers recently announced that they are to spend C$5m to bring the Tutankhamen exhibition to Vancouver for the fair. Mr Bartlett said some funfair rides have also been added to attract visitors.

Fifty-one exhibitors, including 35 countries and three U.S. states, have agreed to participate in the fair. Mr Bartlett, an experienced theme park manager, expects the number to climb to about 73.

He said that construction is on schedule and the bulk of the work will be completed by November. The organisers hope to raise C$50m by recruiting corporate "sponsors" along the lines of those linked to the Los Angeles Olympics.

Lloyd's offers reinsurance to China

BY CHRISTIAN TYLER TRADE EDITOR

LLOYD'S of London has begun discussions with Chinese authorities that could establish the London market as the premier reinsurer of China's rapidly-expanding industrial assets.

Mr Peter Miller, chairman of Lloyd's, is to visit six Chinese mainland cities in April and May at the invitation of the People's Insurance Company of China (PICC). As the first Lloyd's chairman to visit the country, Mr Miller is expected to meet Deng Xiaoping, China's paramount leader and author of the open-door policy.

Although long connected with China, Lloyd's is taking the relatively small sum of $125m (£113.5m) a year in premium income from its reinsurance of PICC policies.

Mr Miller said it was a good time to be looking for new business. "Apart from the U.S., national markets have burned their fingers in the international field and are very chary of taking on international business."

Among specific deals to be discussed will be insurance cover for the proposed nuclear power station at Daya Bay in Guangdong province, for which GEC of Britain and Framatome of France expect to sign construction contracts in the next next few months.

Mr Miller will also visit oil rigs off Tianjin, the Rolls-Royce aeroengine factory in Xian and a number of joint venture companies.

More generally, Mr Miller will be looking for opportunities in the aviation and shipping industries, in catastrophe cover against flood and earthquake, and in China's space programme. The London market already has a stake in the insurance of 51 of its aircraft.

The Chinese may also wish to discuss risk-sharing for agricultural crop failures, especially where commodity exports are part of a counter-purchase deal with a foreign trader or investor.

The chairman's agenda will include a detailed problem that has arisen over insuring ships against the risk of war. The Lloyd's standard policy refers to automatic cancellation in the event of war between the "five great powers." The fact that this formulation includes China has apparently stirred Chinese sensibilities.

Mr Miller's visit could open the way for individual brokers and underwriters anxious to advise the Chinese on their developing domestic business insurance market. This includes plans for compulsory occupational pension schemes, the fledgling house mortgage market, and export insurance.

World machine tool output grows by 6.5%

BY ANDREW FISHER

WORLD MACHINE tool output move ahead for the first time since 1980 last year with a 6.5 per cent rise in dollar terms to a value of $20.8bn (£18.9bn), according to latest estimates from American Machinist magazine.

Among leading producers, only Japan and the U.S. showed major advances. But the higher value of the dollar meant most of the output rises expressed in other countries' own curencies were turned into declines in terms of the U.S. currency.

The improvement in production during 1984 followed three years of substantial decline from the 1980 world peak of $26.7bn.

Production in West Germany, the Soviet Union, and Italy was stagnant in dollar terms. Japan, where the yen's value against the dollar was little changed, registered a 32 per cent jump to $4.7bn.

The magazine said that Japan, still behind West Germany as a machine tool exporter, last year accounted for 22.4 per cent of world output, up from 18.1 per cent the year before.

The U.S. lifted its share from 10.8 per cent to 12.7 per cent. This was the combined effect of a 26 per cent rise in production and of the strong dollar in reducing the stated value of other countries' output.

Consumption in Japan soared by 28 per cent to $3.1bn aided by a booming electronics market. Exports rose by a third and now account for a third of the country's output.

The magazine quoted Mr Shinshichi Abe, executive director of the Japan Machine Tool Builders' Asociation, as saying domestic recovery was the key reason for the industry's pick-up. "I'm reasonably confident that the Japanese economy will continue to roll on and 1985 will be another very good year for us."

In the U.S., growth in demand for machine tools was nearly twice as high as domestic output, with imports filling the gap. Consumption was up by 38 per cent to $3.65bn, putting the U.S. second behind the Soviet Union at $4.1bn.

Output in West Germany actually showed a 5.5 per cent rise, but that was translated by the strong dollar into a 5.4 per cent drop in the final figures of American Machinist.

Domestic orders in D-Mark terms went up by 41 per cent and those from abroad by 28 per cent in the first nine months of 1984. Mr Gutman Habig, economist for the German Machine Tool Builders' Association (VDW), expected a real 10-15 per cent increase in output this year.

American Machinist said the Soviet Union's State Planning Commission had forecast a 6.5 per cent improvement in output there in 1985. In Italy, where exports account for more than half of output, further growth is expected this year.

WORLD MACHINE TOOL OUTPUT AND TRADE
$m 1984 (1983)

	Production		Exports		Imports	
Japan	4,670	(3,541)	1,692	(1,264)	161	(171)
W. Germany	3,022	(3,193)	1,968	(1,950)	457	(453)
Soviet Union	2,953	(3,077)	236	(246)	1,390	(1,448)
U.S.	2,650	(2,106)	400	(406)	1,400	(946)
Italy	1,036	(1,037)	578	(593)	194	(182)
Other countries	6,475	(6,576)	3,948	(3,934)	3,413	(3,566)
World total	20,806	(19,530)	8,822	(8,393)	7,015	(6,766)

Source: American Machinist

DLT buys Fokker 50s

FOKKER, the Dutch aerospace company, has received its second order in as many months for its new Fokker 50 in a purchase that is hoped will set a trend for the airline industry, Laura Raun reports from Amsterdam.

Deutsche Luftverkehrsgesellschaft (DLT), a regional carrier that is a subsidiary of Lufthansa, has ordered six of the 50-seat propjets and taken an option on a further six. The contract would total Fl 300m (£75m) if all options were exercised.

In December Ansett, Australia's domestic airline, indicated that it would buy 10 Fokker 50s and take an option for five.

The Fokker 50, a successor to the F-27, was designed to operate with greater fuel efficiency and low noise levels on short-haul routes. The Dutch company hopes to exploit the growing market for aircraft used on high-frequency, regional networks.

DLT will take delivery of the first in February, 1987, and use the craft to expand its network

Airlines' tax plea rejected

THE MALAYSIAN Government has rejected appeals by foreign airlines to drop a controversial tax measure designed to favour Malaysian Airline System (MAS), the national carrier, writes Wong Sulong in Kuala Lumpur.

Under the measure, introduced last October, companies which give free trips to their employees as part of their remuneration will get tax exemption if they travel by MAS.

Foreign airlines protested that this move was discriminatory and violated rules of the International Air Transport Association, although MAS is not a member.

Foreign governments have supported the protest and have written to the Malaysian foreign ministry to make their feelings known.

Mr Daim Zainuddin, the Malaysian Finance Minister who confirmed that the foreign airlines' appeal had been rejected, said it was the Malaysian Government's right to make such a move.

Mr Daim reiterated the move was aimed at improving the country's balance of payments.

Japanese VCR production rises 50%

By Jurek Martin in Tokyo

JAPANESE output of video cassette recorders (VCRs) reached an all time peak of 27.12m units last year, as exports to the U.S. alone more than doubled.

Preliminary figures released yesterday by the Electronics Industries Association of Japan closely parallel those disclosed earlier by the Government. They also show that VCR exports to the European Community fell by 19.2 per cent to 3.76m units, or below the 3.95m set ceiling (including kits) negotiated for calender 1984 between Japan and the EEC.

Of the overall output, which was half as much again as the 18.22m units of 1983, export shipments amounted to 22.07m, up 44.8 per cent, while domestic shipments rose by 16.8 per cent. VCR penetration of the Japanese domestic market is now estimated to be about 30 per cent.

The U.S. alone took in 11.91m units, up from 5.44m in 1983; its share of Japanese VCR exports rose from about 35 per cent to 54 per cent. Nor did there appear to be much drop-off after the Olympics, the anticipation of which had spurred earlier buying. In December alone, Japan shipped 1.17m sets to the U.S., 82 per cent more than in the same month of 1983.

The vast U.S. appetite also spilled over into output of colour televisions, which totalled 14.48m units, a 14.4 per cent increase, the first double digit advance in four years.

Though domestic shipments dropped 1.3 per cent, exports rose by nearly one-third to just under 6m units, with the U.S., where colour TVs are also used as personal computers monitors, accounting for 1.2m, 82 per cent up on the previous year.

But an even more spectacular advance was recorded by exports to the People's Republic of China, which rose more than sevenfold to reach 1.05m sets, not far short of the U.S. total.

In December, shipments to China easily outstripped those to the U.S., rising to no less than 305,000 completed sets

Nigeria planning second issue of promissory notes for trade debts

BY TONY HAWKINS

The second tranche of promissory notes as part of the rescheduling of Nigeria's trade debt arrears is due to be issued early next week, according to bankers in both Lagos and London.

Last April, the Nigerian Government agreed to reschedule the uninsured trade debt arrears that had accumulated mainly in 1982-83 with an issue to trade creditors of six-year promissory notes with a 2½ years grace period, carrying interest at 1 per cent above Libor.

The first tranche of notes, of $250m (£227m), was issued late last year, and next week's issue is believed to cover about $300m, but the actual note issue is likely to be rather less than half this amount. This is because the $300m includes a substantial element of insured trade debt, the rescheduling of which has still to be agreed between Nigeria and the creditor nations. But last December, Nigeria did offer to pay interest on such verified debts despite the absence of a formal rescheduling arrangement.

The exact amount of the debt covered by the April, 1984, agreement is still unknown but Nigerian officials in Lagos last week put the final amount of uninsured trade debt at a maximum of $3.5bn to which must be added a further $2bn of insured trade debt. However, some bankers believe the uninsured amount is likely to be larger.

The export credit agencies representing the major western exporters to Nigeria are insisting that the rescheduling of these insured arrears must be part of a larger multilateral settlement through the Paris Club and that this, in turn, must be preceded by a Nigerian agreement with the International Monetary Fund.

Bankers estimate total claims submitted by exporters in respect of both insured and uninsured trade arrears at between $7bn-$8bn.

The timetable for rescheduling the uninsured arrears provides that by late March, Chase Manhattan Bank in London, which is assisting the Central Bank of Nigeria in this complex exercise, will have sent details to the CBN of the confirmed amounts.

The next stage of the exercise will be for the CBN to inform the Nigerian banks who, in turn, will have to confirm that the naira owed by Nigerian importers in respect of these trade claims has been deposited with them. This task is due to be completed by the end of April.

The actual issue of the bulk of the promissory notes—a further $2.5bn upwards for uninsured trade claims—is to start in June.

Spanish-Algerian gas deal near

BY FRANCIS GHILES AND JAMES BALL

SPAIN and Algeria are close to settling their long running dispute over Algerian exports of liquefied natural gas (LNG) to Spain. If agreement is reached, Sr Felipe Gonzales, the Spanish Prime Minister, is expected to pay an official visit to Algeria shortly.

The broad lines of the draft agreement reached between M Belkacem Nabi, the Algerian Minister of Energy, and Sr Alfonso Guerra the Spanish Deputy Prime Minister, include:

- Agreement by Spain to pay compensation for the LNG it had contracted to buy but not lifted under the take-or-pay clause included in the initial contract.
- Agreement by Algeria to halve its original claim of $800m for gas bought but not lifted and accept the balance partly in goods and services.
- Agreement by Spain to double the level of its 1984 Algerian LNG liftings of 1.32bn cubic metres, principally by expanding its domestic grid and increasing gas feedstock sales to its fertiliser industry.
- Algerian agreement not to insist on the initially agreed level of 4.5bn cubic metres a year Spanish imports of LNG. Spain's state gas company, Enagas, has never lifted more than 1.5bn cubic metres a year.

According to the latest issue of International Gas Report, the new price for the gas will rise from $2.79 to $3.94 per million British thermal units, bringing it into line with prices of other recently renegotiated European LNG contracts.

If these terms of settlement are confirmed, they will provide a considerable boost to Spanish exports to Algeria which, last year, fell by one third from their 1983 level of just over $1bn. They will also allow Spanish companies to compete once again for contracts in a country where they have met with success in recent years.

Madrid to settle policy on hi-tech curbs

BY DAVID WHITE IN MADRID

THE SPANISH Government is expected to decide tomorrow on what kind of commitment it is prepared to make on controlling technology exports to East bloc countries.

U.S. pressure on Spain for a formal commitment restricting the resale of technology that can be put to military as well as civilian use has contributed to controversy in Spain over relations with the U.S. and with Nato.

Spain is currently the only Nato country apart from Iceland not to adhere to CoCom, the Paris-based body which co-ordinates restrictions on the export of sensitive products and know-how.

The U.S. is understood to have made a formal request to Spain last September to start negotiations on the issue and, as an alternative to Spain's joining CoCom, put forward a draft of a bilateral agreement.

The Spanish Cabinet is believed to have discussed the question on at least three occasions without reaching a decision.

However, time is now pressing in view of pending investments in high technology by U.S. companies and the planned visit of President Ronald Reagan to Spain in May.

Court refuses to lift order for seizure of NUM assets

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR MICHAEL ARNOLD, the High Court-appointed receiver of the assets of the National Union of Mineworkers (NUM), *has failed in his attempt to have the sequestration order against the union ended or suspended.*

In the High Court yesterday, Mr Justice Nochells, who ordered the sequestration last October, said that *the union had still not purged* its flagrant contempt. Its attitude was still one of "open defiance" of the court and it was still trying to frustrate sequestration by strenuously resisting the recovery by the sequestrators of its assets abroad.

The sequestration was ordered last October after the NUM failed to pay a £200,000 fine imposed for contempt of court for defying injunctions not to describe the miners' strike as official. Mr Arnold paid the fine last month out of £4.9m of union funds he had recovered from Luxembourg.

Mr Nicholls said a stay of the sequestration would be neither a satisfactory nor a practical alternative. He said that Mr Arnold could pay the sequestration costs out of NUM funds he had recovered. Those costs to date have been estimated at more than £300,000.

The case had resulted from claims by Mr Arnold, a senior insolvency partner in the accountants Arthur Young, that he was not accountable to the sequestrators; that his duty was to hold the union's funds for the benefit of its members; and that costs would be saved if he alone were left to gather in the union's assets.

The sequestrators – four partners in Price Waterhouse – argued that Mr Arnold was answerable to them and that they should remain in office until they had completed their task of seizing all the assets.

The judge said it was important to distinguish between the functions of the receiver and the sequestrators.

The receiver had been appointed to replace, on an interim basis, the NUM's trustees – Mr Arthur Scargill, Mr Mick McGahey and Mr Peter Heathfield – because they were unfit to continue, for the time being, as trustees of the union's property.

The receiver stood in the trustees' shoes as regards the union's property, which he was concerned to protect for the benefit of all the union's members.

The sequestrators' function was altogether different. They had been appointed to take possession of the NUM's property and collect its income and hold them until the contempt fine had been paid and the union purged its contempt.

"In the discharge of these duties, the sequestrators' right to possession of all the property of the NUM applies as much to union property in the receiver's hands as it does to union property in the hands of the trustees whom he replaced or in the hands of anyone else."

That, the judge added, was subject to any contrary directions which the court might give from time to time. The court retained control of both the receivership and the sequestration.

The judge noted that Mr Arnold had not claimed that the sequestration impeded him from using funds for the benefit of union members. All of the £4.9m he had recovered *from Luxembourg was spoken for* to cover costs and other matters.

Strike cost expected to carry borrowing above target level

BY PHILIP STEPHENS

THE BRITISH Government's finances *swung back into surplus last* month, pushing the public sector deficit for the first 10 months of the current financial year down to £7.8bn.

The £2.4bn surplus on the public sector borrowing requirement *(PSBR) in January, generated by* heavy seasonal tax payments, was, however, at the low end of market expectations.

The general view last night was that the cost of the 49-week-old miners' strike would mean that borrowing over the full year to March would still probably overshoot the UK Treasury's latest £8.5bn target by a significant amount.

The market estimates that the miners' strike will add about £2.5bn to borrowing this year. In addition, the PSBR *has* been inflated by overruns on departmental spending and by above-target local authority outlays.

These are expected to more than offset extra oil revenues from the North Sea, and most London brokers are forecasting a PSBR for the year of £9.5bn or above.

The UK Treasury *has not* revised upwards its forecast but concedes that the figure is out of date because it assumed that the miners' strike would end last December.

The impact of the dispute was underlined last week by figures showing that Britain's Central Electricity Generating Board may suffer a £2bn loss this year, almost entirely because of the extra cost of burning oil rather than coal.

Yesterday's statistics show that spending on supply services, which represents most of government current spending, rose by 7.7 per cent in the 10 months to January, against the same 1983–84 period. The target set in *last* year's budget was 5.8 per cent.

In January alone, however, the Government's finances benefited from the usual heavy seasonal tax flows and from additional revenue of about £500m resulting from new rules on valued-added tax on imports.

Spending, however, was *pushed* up by unusually high rate (local taxes) support and student grant payments and by advance payments to the EEC.

For the financial year which begins in April the Government's *medium-term financial strategy* assumes a PSBR of £7bn, and the general expectation is that a figure very close to that will be confirmed in the UK budget to be presented next week.

Lex, Page 18

De Lorean auditor rejects allegations

BY JOHN GRIFFITHS

ARTHUR ANDERSEN and Company yesterday denied "unequivocally" allegations made by the British Government's Northern Ireland Department of Economic Development in a suit seeking $270m damages from the accountancy group *over the failed De Lorean sports car* project.

The suit, filed by the department in New York, alleges that the accountancy group, the world's largest, which acted as auditors to the De Lorean companies, was negligent in failing to uncover accounting irregularities and that it practised public accounting functions "fraudulently and with gross incompetency."

The suit names the U.S. branch of Arthur Andersen as well as branches in Britain and the Irish Republic. The department said it had also issued protective writs in London and Belfast, although these had not been served.

Yesterday's statement, issued by the London and Dublin offices, said that while the group "sympathised" with the department's desire "to seek redress for losses associated with the *De Lorean* venture, we believe that redress is being sought in the wrong quarter.

"We regret that the department *has seen fit to implicate this firm in* its efforts to obtain restitution.

"We unequivocably reject the allegations, which are without foundation, and we are confident that the suit will ultimately fail."

Some £77m of UK taxpayers' funds were lost in the 1982 collapse of the venture.

Mr Don Hanson, *Arthur* Andersen's managing partner in London, *said that, although the writs had* been served in New York, he felt it was "not appropriate to remain totally silent" in view of the publicity surrounding the writs.

"There is a limit to what one can say in these circumstances," he said. He added, however, that "the (House of Commons) Public Accounts Committee has done a very thorough investigation. This was *strongly critical* of De Lorean and various government departments. Arthur Andersen were auditors to the company – we took no part in reviewing or assessing or reporting on viability and had no responsibility for monitoring.

"It seems odd to select us as a target, although it is not uncommon nowadays for auditors to be sued where people lose money or a company goes *down*."

The Government's suit alleges that the auditors knew of irregularities in De Lorean's affairs but failed *to bring them to the attention of* either the British Government or the car company's investors.

A similar action has already been *filed against the accountancy group* by the liquidators of the De Lorean holding company in the U.S.

Yesterday's rejection of the allegations coincided with publication of another report from the Public Accounts Committee, dealing with the Northern Ireland Department of Finance and Personnel's response to the fierce criticisms made by the committee of Northern Ire*land officials' handling of the entire* De Lorean affair.

In it, Mr George Quigley, the department's Permanent Secretary sought to reassure the committee that the department's initial response in November had not repre*sented* a rejection of many of the committee's criticism.

Tickets pact 'unlawful'

BY CARLA RAPOPORT

THE WAY was cleared yesterday *for a free and uncontrolled market* for theatre tickets in London.

The Office of Fair Trading (OFT) ruled that a nine-year agreement between the Society of West End Theatres – representing most of the West End of London's theatre managements and ticket-selling agencies – was unlawful.

The agreement controlled the level of discount a theatre manager could offer a ticket agency and the booking charge an agent could add to a ticket.

Although the agreement had been registered under the Restrictive Trade Practices Act, the *OFT said it was contrary* to the public interest and had to end.

About 20 per cent of London's West End Theatre tickets are sold through agencies, but that percentage has been increasing as a result of the high volume of U.S. tourists in *London*.

"Theatre managers can now adapt their prices to the market and give heavy reductions on unpopular shows," the OFT said yesterday. "This action returns commercial freedom to the theatre ticket market."

Editorial Comment, Page 16

Drugs on cost cuts list to be amended

A GOVERNMENT announcement is imminent on revisions to the limited list of drugs which will be available in the National Health Service (NHS) from the beginning of April, *Peter Riddell writes.*

Mr Norman Fowler, the Social Services Secretary, is expected to make an early House of Commons statement possibly later this week announcing changes in the list. This follows vigorous protests about *the original proposals* from both the drug industry and from doctors, as well as the report of an advisory group under Mr Donald Acheson, the Government's Chief Medical Officer.

The intention of the proposals was to save about £100m out of the Government's £1.4bn annual NHS drugs bill by requiring doctors to substitute generic or similar drugs. The restricted list will account for only about 10 per cent of drugs used in the NHS generally.

Main changes will be in the categories of laxatives and painkillers partly to deal with the special problems of cancer patients as well as the needs of children.

The Government believes that this substantially revised list will meet the worries of doctors without interference with clinical needs. *The savings may be reduced* by around £20m or so a year, out of the original £100m, but the balance is likely to come from reductions in drug company profits.

☐ FLEET HOLDINGS – owners of the Express group of national newspapers – said it was talking to Aitken Hume, the financial services group, to "explore ways in which the two companies might form a mutually beneficial association."

The statement came after intense *speculation* in the City of London that Fleet was hoping to take over Aitken Hume. Fleet has made no secret of that fact that it wishes to diversify from newspapers and magazines. Last month there was speculation that Fleet itself might receive a takeover bid from United Newspapers. United bought a 15.76 per cent stake in Fleet from Mr Robert Maxwell's Pergamon Press.

Lex Page 18; Details, Page 24

☐ SOME of Britain's cathedrals are to *become experimental sites* for the study of corrosion of stonework by acid rain.

The Cathedrals Advisory Commission has accepted a proposal by the Central Electricity Generating Board (CEGB) for a joint study. It will be headed by Professor Jacques Heyman, a Cambridge engineer.

The House of Commons select committee on the environment last year *criticised* the CEGB for allegedly accelerating corrosion of stonework by power-station emissions of sulphur dioxide. It was particularly concerned about the deterioration of St Paul's Cathedral in London and York and Lincoln cathedrals.

☐ THE GOVERNMENT is likely to set up a separate regulatory body to supervise the development of community radio.

The BBC, the Independent Broadcasting *Authority* and the recently formed Cable Authority are all being considered for the regulatory role, but there is a view in the Home Office that a separate authority may be required.

Mr Leon Brittan, the Home Secretary, envisages two forms of community radio. One would use a low-power *transmitter* to *broadcast to* the immediate neighbourhood. The other would involve broadcasting across a wider area to "communities of interest" such as ethnic minorities.

The more liberal approach to community radio is being combined with a crackdown on unlicensed "pirate" *stations*.

☐ LEGAL proceedings will open today against *Mgr Bruce Kent*, general secretary of the Campaign for *Nuclear Disarmament*, for non-payment of tax.

Mr Kent said he had withheld some tax because of Britain's refusal to reject the first use of nuclear weapons. "I am quite willing to pay the money to any legitimate national enterprise," he said. "I am prepared to fight this all the way."

Papua New Guinea

A Statement by the Prime Minister of Papua New Guinea on the closure of the Ok Tedi Gold and Copper Mine.

On 1st February 1985 the interim operating licence for the Ok Tedi Gold and Copper mine, in Papua New Guinea's Western Province, expired. Following the failure of the mine operator, Ok Tedi Mining Limited, to meet conditions specified in the interim licence, the Government of Papua New Guinea has not renewed that licence. The company has been given until 28th February to effect the closure of the mine in a safe and orderly manner.

The decision follows a break-down in negotiations between the Government and its fellow shareholders in Ok Tedi Mining Limited; Broken Hill Proprietary Limited of Australia, Amoco Minerals of America and a West German consortium made up of Metallgesellschaft A.G., Degussa A.G. and D.E.G.

The negotiations were held in order to obtain a commitment from the company to continue the project along the lines specified in the contract signed by the company and the Government in 1980. The basis of this contract was the extraction of gold ore and subsequently the development of a copper mine with an estimated life span of twenty-five years.

Every indication is that the company intends to develop only the gold resource and is no longer committed to proceeding with the copper mining project. This is apparent from its failure to comply with specific contract conditions for the construction of:

(a) A permanent tailings dam
(b) A hydro-power scheme
(c) A copper processing facility

Compliance with all of these conditions is necessary for the development of a long term copper mine.

The company argues that the price of copper has fallen and that as a result the development of the copper resource is no longer economic. The Government rejects this argument. Copper prices are cyclical and the current low price cannot be taken as a guide to investing in a mine with a twenty-five year life. Furthermore, as the shareholders have stated publicly, Ok Tedi is a "World Class" resource due to the gold contained in the copper ore.

The Government acknowledges that Ok Tedi is in a remote area and that it is consequently difficult to develop. For this reason it has been tolerant of previous failures to meet deadlines for various developments and has re-negotiated several aspects of the contract. In order to assist with the development of the infrastructure necessary for the development of the copper resource, the Government has agreed to virtually forego any revenues, including direct taxation, during the gold mining period.

At all times the Government has made every effort to see the company's point of view and assist wherever possible. In the course of the recent negotiations it has offered the company a two year breathing-space on the deadline for the construction of the copper facilities and has also offered to meet the first two-year's cost of the hydro-power scheme.

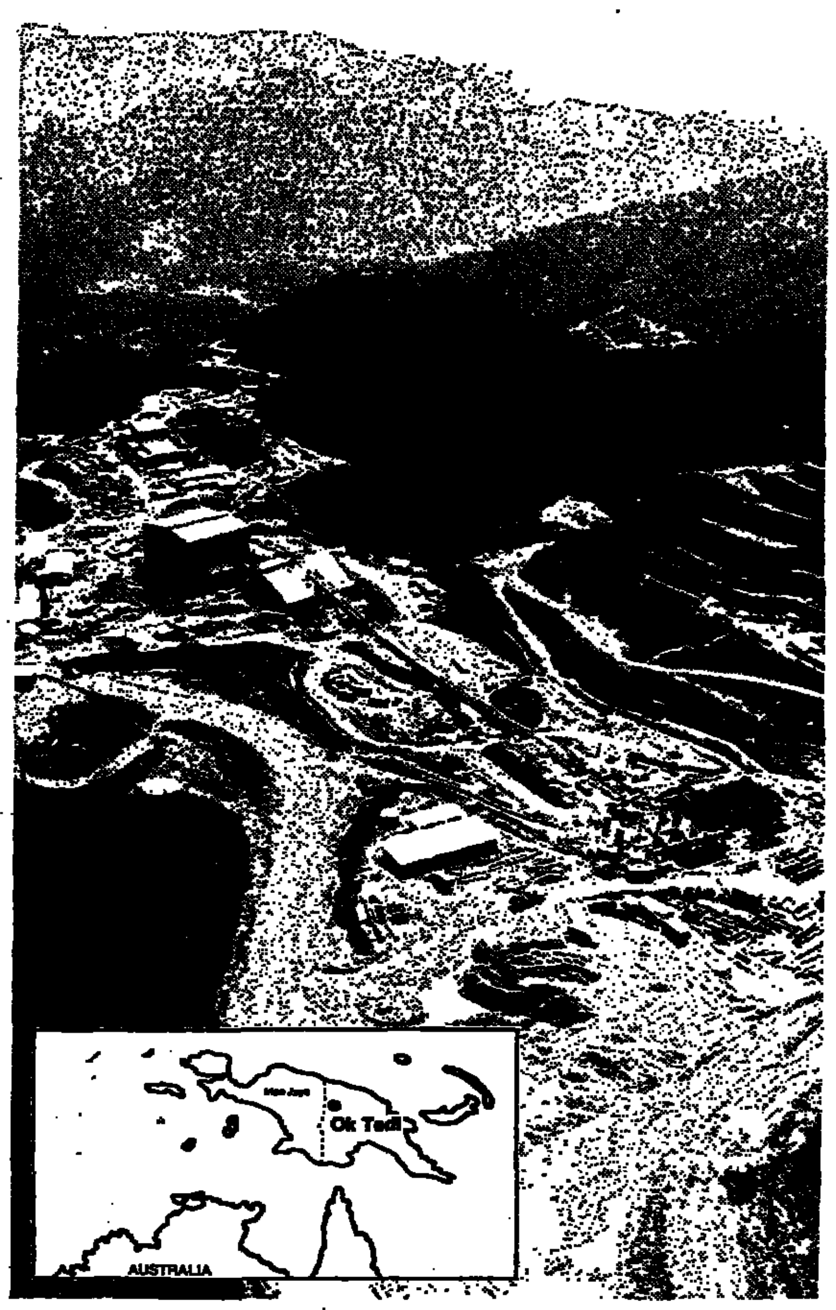
The Government believes that Ok Tedi remains a sound commercial proposition and has no doubt that the development of the resource will continue over a long period of time.

The Government is now taking steps to ensure that Ok Tedi Mining Limited meets its legal and moral obligations, along the lines specified in the contract. It believes these to be in the long term interests of Papua New Guinea, its People and its environment.

This is purely a contractual dispute between the Government and Ok Tedi Mining Limited. It has no bearing whatsoever on other contracts and arrangements into which the Government has entered.

Papua New Guinea is a democratic country and is a member of the British Commonwealth. The Government's policy of welcoming foreign investment is unchanged and it looks forward to continuing mutually beneficial relationships with overseas investors.

M.T. Somare,
Prime Minister.



UK NEWS

Motion backing EMS supported by 26 MPs

BY OUR POLITICAL CORRESPONDENT

PRESSURE from MPs for Britain's full membership of the European Monetary System (EMS) has increased at Westminster with the tabling of a motion backed by Mr Geoffrey Rippon, the former Tory Cabinet minister, and by Mr Roy Jenkins, the former leader of the Social Democratic Party.

It calls upon the Government to take the necessary steps to become a full member of the EMS without further delay. All the 26 signatories so far are Conservatives apart from Mr Jenkins and Mr Richard Wainwright, the Liberal Party's economic spokesman.

The main backers of the motion are Mr Hugh Dykes, the secretary of the European Movement, Sir Bernard Braine and Sir Michael Shaw as well as a number of senior Tory back benchers.

In addition, Mr Edward Heath, the former Conservative leader, has also strongly urged Britain's membership of the exchange rate mechanism of the EMS.

The Bank of England and the Foreign Office also believe that the time has now come for Britain to join the system which has been established for more than six years.

So far, there is no evidence that either Mrs Margaret Thatcher, the Prime Minister, or Mr Nigel Lawson, the Chancellor of the Exchequer, have been persuaded of the merits of the case.

They have argued that it would have made no difference to the pound in recent months to have been a member of the EMS given that the pressures were on the sterling/dollar rate, not the sterling EMS rate.

Mr Edward Heath: Strongly urges EMS membership

Cost of video piracy cut by £17.5m in past year

BY RAYMOND SNODDY

VIDEO PIRACY in the UK has been reduced from 30 per cent of the market to about 20 per cent over the past year, the Federation Against Copyright Theft (Fact) said yesterday.

The cost of piracy had been cut from £40m to £22.5m at trade prices over the year.

"We are winning the battle against piracy. We have saved something like £17.5m over the past 12 months, and that goes to keeping people in jobs," Mr David Rozalla, managing director of Warner Home Video and vice-chairman of Fact said.

Mr Rozalla estimated the size of the video cassette market in the UK at £113m last year.

The anti-piracy breakthrough has come from a secret system of marking films which has allowed Fact investigators to discover which cinema original prints were stolen from.

"The marked films enabled us to track down and convict leading criminals involved in a multi-million-pound video piracy operation," said Mr Peter Duffy, a former head of the anti-terrorist squad at Scotland Yard and now director of investigations at Fact.

The main threat now comes from imported pirated tapes of films

Peter Riddell discusses Thatcher's visit to Washington

'Frank talk' between friends

MRS MARGARET THATCHER'S attitude to the U.S. has always been ambivalent.

In public, there has been the warm and frequent celebration of the Anglo-American "special relationship" and praise of the U.S. business culture. That approach, no *doubt, will be predominant during* the Prime Minister's two-day visit to Washington, which starts later today.

Beneath the surface, there have been and are *tensions* and reservations over both foreign and economic policy. Mrs Thatcher regards any differences as no more than frank talk among friends. This is true up to a point.

Thatcherism and Reaganism, however, for all their rhetorical similarities and common *electoral* success, have developed in differing and at times conflicting ways.

On economic policy, for example, there has been a marked divergence. *When President Ronald Reagan* took office in January 1981 (19 months after Mrs Thatcher), a common view among U.S. conservatives – even one held by Mr Donald Regan, the Treasury Secretary – was that the UK experience was a warning. It was not an *example* to be followed.

The word "Thatcherisation" was used to mean a *failure* to implement promised policies. Mr George Gilder, one of the main apologists for the New Right, warned of the "cautionary tale of Mrs Thatcher who has failed to combine the reduction in basic monetary growth *rates with a reduction in government* taxing and spending."

At the time, the U.S. was embarking on its supply-side experiment. It was assumed that large-scale tax cuts would stimulate output sufficiently rapidly to boost tax revenues and so offset any initial rise in public borrowing.

Mr Nigel Lawson, the UK Chancellor of the Exchequer who was at that time the Financial Secretary to the Treasury, described this proposition as "simply too good to be true." British ministers favoured fiscal and monetary orthodoxy and the belief that tax cuts should accompany, rather than anticipate, re*duced public expenditure* and should not risk an increase in borrowing.

Subsequent events – the rapid growth in U.S. output, the large fed*eral budget deficit and high real in*terest rates – have confounded or confirmed the prophets, according to taste. At any rate, U.S. criticism of "Thatcherisation" has become more *muted. Yet the dollar's levita*tion act has produced many problems for Europe and complaints from Mrs Thatcher and her ministers.

The Prime Minister will no doubt be forthright in her many private meetings with U.S. economic leaders about the budget deficit and the dollar. But in public she is likely to adopt a softer approach, praising the Reagan Administration for what it has already done, rather than being too critical.

On foreign policy questions, Mrs Thatcher has often proclaimed a view of the global Soviet threat similar to President Reagan's. But there have been frequent strains. In President Jimmy Carter's time there were *doubts* over sanctions against Iran.

Since 1981 there have been disagreements over U.S. opposition to European participation in the So*viet gas pipeline* (with related issues of extra-territoriality), over unitary taxation, over Washington's initial equivocal diplomatic attitude during the Falklands war (later more *than overshadowed by* the considerable secret intelligence and material help), over the invasion of Grenada and, most recently, over the so-called "star wars" proposals.

Mrs Thatcher has always been keen to minimise these tensions, yet they have reflected growing differences of interest between the U.S. (looking to Central America *and the Pacific) and Britain and* other European powers.

Despite these reservations, Mrs Thatcher remains unstinting in her praise for the U.S. In her recent in*terview on a Channel Four televi*sion programme, she noted that the U.S. had "free enterprise built into her constitution. She has no Socialist Party and no danger of ever having one. *She is the land of free en*terprise; she is the land of freedom; *she is the country of last resort and* of safe haven for money."

President Reagan could not have phrased it better himself.

It is hardly any wonder that each of Mrs Thatcher's half a dozen visits to the U.S. since 1979 have been triumphs, especially since the Falk*lands* war. There has not only been mutual admiration between President and Prime Minister but also a considerable popular appeal based on her strength and leadership.

Ironically, Mrs Thatcher has been vocally pro-American just at the time when the British public has become more anti-American. In an article in last October's issue of Public Opinion, *published* by the American Enterprise Institute, Professor Ivor Crewe of Essex University records that, for all President Reagan's domestic popularity, he is very unpopular *among* the British public, much more so than President Carter.

This appears to have led to a steady decline in British confidence in the U.S. as a *world power*, now at a lower level than during the Vietnam war.

What worries the British public does not appear to concern Mrs Thatcher, who described herself during an eve-of-departure U.S. television interview as President Reagan's "greatest fan."

Challenge to tax incentive strategy

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE TREASURY'S view that rais*ing income tax allowances would be* a good way of increasing work incentives is strongly challenged today by the influential Institute of Fiscal Studies (IFS).

The institute, which *is* an independent body for the study of the economics of taxation, makes the comment in a detailed analysis of the Chancellor *of the Exchequer's* options *for his budget on March 19.* It says that the effect of raising allowances is greatly misunderstood. The measure might even reduce people's desire to work, by increasing their take-home earnings.

Raising income tax allowances is, however, a central part of the Government's strategy for cutting the burden of direct tax and improving incentives. The Treasury has indicated that it strongly favours the *idea of raising tax allowances* by more than the rate of inflation this year rather than using any available money to cut the basic rate of income tax.

The real level of allowances has been raised in each of the last three *budgets. The IFS says that if the* same resources had been used to cut the basic rate, it would now be 27½ per cent instead of 30 per cent.

The IFS comments: "It is unfortunate that the laudable desire to raise tax thresholds is so often supported by arguments which are based on confusions and muddled analysis." One argument for raising tax allowances is that it will improve incentives to find employment or increase earnings. The other is that it will benefit the most *poorly paid.*

It is true that raising allowances gives proportionately more to taxpayers at the lower end of the scale, because everyone gets the same cash benefit. On the other hand, raising allowances will do little to increase work incentives.

"If this is the Government's objective, it would be better achieved by almost any other way of cutting taxes – such as reducing the basic rate – or, more effectively still, by reforms to the benefit system," the IFS says.

The reason for this is that the so-called "poverty trap" affects families whose incomes range up to £120 a week, well above the level of personal allowances. The poverty trap arises when a small increase in income is largely or completely offset by increased taxes and the withdrawal of benefits.

Families facing the poverty trap in its most severe form are those receiving the family income supplement. In such cases the *marginal* tax rate on increased earnings can be 80 per cent.

It comments: "Almost half of those taken out of tax would be pensioners; most of the remainder are either married women or juveniles. The only effect of an increase in income tax allowances for the majority of the heads of working families, both within the poverty trap and at higher incomes, is to raise their net incomes while leaving their marginal rates unchanged. If anything, this increased income reduces their desire to work."

TECHNOLOGY

EDITED BY ALAN CANE

AMPLIFICATION METHODS IMPROVES SENSITIVITY

A boost for diagnostics

BY PETER MARSH

DEVELOPMENT of an ingenious biochemical procedure to improve greatly the sensitivity of conventional immunoassay techniques in hospitals and research laboraties is beginning to pay dividends for a small Cambridge company.

IQ (Bio) was set up four years ago to tap the fruits of work in Cambridge University's biochemistry department. The main aim was to find commercial applications for a biochemical technique called amplification that the company has patented.

In this, researchers find a way to multiply the numbers of molecules, of proteins for example, that they wish to identify in chemical tests called immunoassays. The latter are standard techniques to detect diseases and general changes in the body's condition.

IQ (Bio) has announced three products based on its amplification work. All are kits of chemicals that will detect small amounts of organic substances.

The kits test for prostatic acid phospatase (a chemical associated with cancer of the prostate gland), Chlamydia (a sexually transmitted disease) and progesterone, a hormone secreted during changes in a female animal's reproductive cycle.

The test forChlamydia is sold by Boots-Celltech, the British medical-diagnostics company, under an arrangement with the Cambridge enterprise. The progesterone kit will be sold to veterinary workers by Hoechst, the West German chemicals company. With the kit, researchers will monitor the reproductive cycle of cows and other animals to test for the optimum time for artificial insemination.

IQ (Bio) has an annual turnover of about £500,000 but aims to increase this sixfold over the next three years. The 35-strong company is examining how to extend its amplification technique to other diagnostic kits that would detect the first signs of infectious diseases such as hepatitis.

The Cambridge enterprise is also examining how to apply amplification to monitor the formation of certain hormones, for example those secreted by the pituitary gland, which can indicate cancer.

Biochemical amplification can identify very small amounts of organic material—of the order of a few billionths of a gram per millilitre. As a result, kits based on the procedure promise to give doctors an early warning of diseases, enabling them to treat the patient before the condition has gained too strong a hold.

The Cambridge company's products are based on immunoassay techniques. These are procedures by which chemists add monoclonal antibodies, very pure forms of the antibodies naturally present in animals to ward off disease or infection, to a mixture that contains an antigen such as a protein or bacterium.

In a human or animal, the body's immune system automatically triggers the creation of a host of antibodies to attack antigens that invade the body. The antibodies "mop up" the antigens by binding to them, in much the same way as a key fits into a lock.

Under the body's natural defence mechanism, a specific antibody will bind only to a specific antigen *to* which it is paired—just as locks will open only when matched with a particular key.

In immunoassays, scientists capitalise on this procedure by monitoring the creation of a specific kind of antibody-antigen complex formed by the coming together of "paired opposites" of antibodies and antigens. Immunoassays are thus useful in spotting certain types of antigens that may be present in small concentration amid a host of other proteins and organic substances.

The technique relies on the formation of the complex being accompanied by some kind of physical change that is easily measured, for instance a change in colour of a solution or an alteration in the latter's spectral properties. By looking out for this change, the researcher can detect the presence of the antigen in which he is interested.

Such tests are used routinely in hospitals to find out if humans or animals are subjected to invasions of antigens that are the harbingers of specific diseases.

How Bio's booster works

The amplification procedure devised by IQ (Bio) is similar for all three diagnostic kits that it sells. Each kit comprises a plastic sheet containing an indented set of small wells in which the reagents are mixed. The kits also contain a number of chemicals used in the tests. A kit containing enough material for about 50 tests costs £50 to £100.

In the procedure, the important change that the researcher monitors is the production of a red dye, whose creation can be linked by a series of biochemical reactions to the amount of antigen that is present in the first place.

Crucially, the amount of red dye that is formed from the process is 500-1,000 times the amount of the antigen that is present. This enables researchers to detect very small quantities of the latter. There are four main steps:

1—The scientist places a liquid sample (which is thought to contain an antigen) inside a small well of plastic to whose surface is bonded the antibody that is the "pair" to the antigen. Providing the latter is present, a bound complex results.

2—The worker then adds another liquid, called the conjugate. This contains a second set of antibodies, to the "tails" of which an enzyme, alkaline phophatase, has been attached as a marker. The result is a series of bigger organic complexes each of which have the enzyme tagged on to one end.

3—Another chemical, nicotinamide adenosine dinucleotide phosphate (NADP), is added. The enzyme strips off the phosphate part of this chemical to give a substance called NAD.

4—A third substance is then poured into the mixture. This is a set of two enzymes, one of which catalyses (speeds up) the conversion of NAD to another chemical called NADH2, and the other which catalyses the reverse reaction, reforming the NAD. The composition of the mixture thus cycles between a large amount of NAD and a similarly large quantity of NADH2. In the process by which the NAD is reformed, molecules of a red dye, derived from an iodonitro tetrazolium salt, are produced. As the mixture is continually producing more NAD in the cyclical process, one molecule of NAD present in the original mixture gives rise to a great many more molecules of the dye, so explaining the amplifier effect.

Automation

Cams give way to micro driven actuators

By Geoffrey Charlish

AN ALTERNATIVE to shaft-driven cam actuation which should be of interest to those developing flexible manufacturing or assembly equipment is offered by Cam Systems of Bury St Edmunds (0248 705798).

The system gives much more freedom of action to designers who customarily need to move parts of a machine in a synchronised repetitive cycle and who would normally use a rotating shaft with cams.

Procam-40 overcomes the often complex and expensive problems involved in designing and accurately machining the various components in a conventional common camshaft. By dispensing with the single motor and shaft and replacing them with individual linear actuators, driven by microprocessors, programmable motion can be provided where it is needed.

The system consists of a box of electronics housed in a 19 inch rack, connected to a series of motor-driven actuators that can be positioned whereever they are needed in the workspace—the confinement of cams on shafts is done away with.

Movements required within a machine can be programmed as rises, falls or dwells and each can be given optimum velocity profiles to suit the application.

No special programming language is needed and the initial program input and any amendments are easily carried out using four function keys and a small numeric keypad. Re-programming to adjust stroke length or timing is quick and simple.

Resolution of the programmed movement is good, since Procam-40 breaks the cycle into 32,000 separate elements, making it suitable for most applications.

Stepper motors or normal AC or DC motors can be controlled by the microprocessors.

Now that they have developed it, engineers at the company tend to see the system as a multi-axis robot and believe it will have a wider application than was first thought.

Shot between the eyes for the educationists

Video & Film

BY JOHN CHITTOCK

IF THE prosperity of Britain relied on a constant supply of young people wanting to be photographers, film-makers or video producers, we would have no problem. Many of those who turn their backs on science and engineering assume that the audio-visual media will provide a convenient outlet for their creative brilliance, making minimal demands on intellectual and technical skills.

Unfortunatey, the assumption is also shared by too many of those responsible for the education of photographers and film-makers, with the consequence that many professionals working at the coal face have periodic outbursts about the inadequacies of the system.

The latest attack appears in last month's issue of Designer, aimed well between the eyes by Mr Ian Bradshaw, Picture Editor of The Telegraph Sunday Magazine: "There is an old saying that 'those who can, do. Those who can't teach.' When it comes to photography . . . the saying should be amended to 'And those who can't teach photography, teach photography," he says.

The recurring cause of frustration in the profession is artiness. As Mr Bradshaw brutally puts is, "young hopefuls . . . will achieve nothing listening to some lecturer filling their heads with totally erroneous views on the world he knows nothing about."

A similar but more circumspect concern has been expressed less publicly by a bursary jury at the Royal Society of Arts. In the last two years, the RSA's Photographic Design jury (of which I must declare myself a member) has found grave difficulty in awarding a total of £5,650 to successful student entries—because they just were not good enough. Even a round-table meeting with the heads of some photographic departments, held prior to this year's bursaries, failed to improve matters—indeed, seemed to reaffirm the gap between the academics and the professionals.

In education for film and television production, the situation is not much better. Moving pictures offer great scope for artistic profundity—with some justification because these media are culturally complex and are still a new experience to 20th century society; but they require a high order of technical and grammatical skill upon which, regrettably, most courses continue to place a low priority.

An additional problem for film and television is that the equipment and resources required by a college or school are expensive—and it is easier and cheaper to resort to film or media "studies;" ideal for a nation of critics and academics, but not for practitioners.

The academic emphasis is, perhaps, the millstone round our necks. Vocational courses are less popular, and training is almost a dirty word. Indeed, thos who aspire to obtaining a degree in photography, film or television will probably seek it through one of the courses approved by the Council for National Academic Awards—the emphasis again academic, and the degrees invariably Batchelor of Arts, not craft, science or technology.

Anyone who seriously wishes to make a career in photography, film or television should ponder on such issues. Whereas a sound cultural appreciation of the media is important to the professional (and has been frequently missing), basic skills are essential. And the older hands, who wince at the attitudes and capabilities of students ready to overthrow the world, might add the three R's—reliability, resourcefulness and relevance. The latter point, which is at the nub of our industrial ills, really means that if the customer—or the public—doesn't want it, no one will pay for it.

For aspiring photographers, the first port of call should be the British Institute of Incorporated Photographers, which publishes information on courses it recognises as suitable for the Institute's qualifications. The highly specialised field of medical photography is also a subject on which the BIIP issues information on suitable courses.

For film-makers and television producers, the Education Department of the British Film Institute publishes an excellent guide to courses—Film and Television Training. This covers degree courses, part-time opportunities, even the vast network of 92 film and video workshops in Britain where less formal opportunities may be availaible for those simply wanting to have a go in their spare time.

Nonetheless, many of the courses and training available for film and television production are—to put it as bluntly as Mr Ian Bradshaw and with an appropriate metaphor—Mickey Mouse affairs. Suitable perhaps for the industrial training officer who wishes to dabble in video or the student who thinks he is talented but needs to find out the hard way. But for the young man or woman who expects to reach the top, quickly, the National Film and Television School at Beaconsfield is *the* place to go.

The NFTS *is* primarily a post-graduate school, and has turned out Oscar and British Academy award winners already in its short history. It also uniquely provides a home for short training courses for professionals—such as three day courses on video familiarisation for film technicians, a five day course on low budget film production, even a short course on composing music for films.

Successful photographers, film-makers and television producers have one thing in common which transcends all forms of education and training. They are resourceful. Creative and technical skills are not enough when filming the charge of the Light Brigade or the launching of a space shuttle. The resourceful will succeed, with or without training, as long as they have talent.

Little hope then for the young lady, typical of many, who telephoned me last week for advice on how to get a job in video production. Now doing a video course; has already graduated in drama. But my attempts to dispense advice were punctuated at 30 second intervals by telephone pips. Her long distance call was from a telephone box—presumably expecting that the first and each successive 10p or 30 seconds would suffice.

Such resourcefulness would never get the West's first TV interview with Mr Gorbachev or the Indian government's cooperation to make a film about Gandhi. No wonder Mr Bradshaw has a point.

Agriculture

Apricot for Farmdata

FARMDATA, a company which has specialised in tailor-made computing systems for large farms, is launching a new series of software packages based on the ACT Apricot personal computer range.

The idea is to provide in a package costing £3,500 or so for hardware and software the best features of Farmdata's multiuser systems which start at about £8,000 and run on the Onyx range of machines.

Farmdata, along with Farmplan and Farmfax, are major providers of software to the UK farming industry. It is a sector which promises substantial growth. According to a report by Michael Longy Associates last year, in 1979 less than 40 farmers in the UK used on-farm computers. In 1982 the figure had risen to over 500 and estimates for this year exceed 3,000.

Farmdata is an independent organisation partly funded by the Scottish Development Agency and CIN Industrial Investments. More on 0963 32008 or 046 75457.

Semi-conductors

Toshiba's one megabit chip

TOSHIBA of Japan has announced that it has developed the prototype of a one-megabit dynamic read and write memory chip (DRAM) which operates faster and on less power than the present generation of high-density chips which store only one-quarter as much data.

The new chip is fabricated in C-MOS technology; Toshiba has already announced a one-megabit DRAM fabricated in N-MOS technology.

THE ARTS

London Galleries/William Packer

Grand ambition on the road to St. Ives

It is very easy, and just as tempting, to take a shade too seriously the idea of an artists' colony; to read too much into the simple fact of its existence. The tourist is drawn to these places as to the zoo, to view, even to take an interest, but never really to share in the experience. The town benefits in the meantime, even as it resents the intrusion; and so, by degrees, the spirit of the place atrophies and dies.

To go now to St Ives is to be made bitterly aware of what it once was, "the beauty been," by the hard fact of what it is *today — tawdry, grasping, self-conscious, picturesque.* And yet, good artists remain there *or thereabouts for perfectly* good and obvious reasons, which effectively give the lie to that attractive myth of the artists' colony.

Artists are characteristically unbiddable, loth to group themselves together or attach themselves to a programme. But they are practical, and look naturally for the most suitable, congenial and stimulating of places in which to work; and, being no more nor less *sociable* than their fellow creatures, they are quite likely to make friends with those *of their neighbours* who share their interests. An *ad hoc* community of interest *and practice does not, however,* necessarily constitute a school.

The climate of farthest Corn*wall is still as* mild as *it* has always been—the air as clear, the light as bright and lively, *the sea as close* and dramatic and the landscape of Penwith, its ancient fields and open moors, *as ravishingly particular;* and all are there still to work their peculiar spell upon the eye and the imagination. Subject all to these same stimuli and it is not unsurprising that artists should respond in kind.

The work remains individual to the artist, of course, bound *up with particular material and* ideas; yet there is a common bond of sympathy, experience *and observation that draws it* all together. In a very real sense, all the art that has come *out of St Ives these two genera*tions past has been a kind of landscape art—the landscape of the Penwith peninsula.

Painters have, in fact, been settling around St Ives since at least the 1880s, and in numbers sufficient to support an active, if habitually fractious, Society of Artists almost from the start. Birds of passage, too, exotic occasionals, would drop in. In *1928 Christopher Wood, who* already knew the place, and Ben Nicholson came together *and stayed on for a while; then* it was that they discovered the work of the ancient painter-*mariner*, Alfred Wallis. Eleven years later, driven from Hampstead by the outbreak of war, Nicholson returned with his wife, Barbara Hepworth, and their children, to reside there —he *for* nearly 20 years, she until her death in 1975.

The painting, sculpture and ceramic *of this period* of Nicholson's residence provide the substance of the large and substan*tial exhibition just opened at* the Tate, the first major study of the contribution that the artists *of St Ives have made to* modern British art (until April 14).

But even while fixing upon the 25 years from 1939 to 1964 in its title, Dr David Brown—*whose admirable piece of work* the exhibition is—tacitly concedes the point at almost every turn: the *first* room is given essentially to Christopher Wood and, by a full spectacular wall, *to Alfred Wallis;* the last to more recent work by all the major figures. The ceramic throughout is for the most part either much earlier—for Bernard Leach came back from Japan in 1920 with Shoji Hamada, to set up his pottery in St Ives—or rather later, in the 1960s and 1970s.

Naturally, Nicholson and Hepworth are made the central figures, Nicholson especially *primus inter pares* as he would *have always seen himself* to be, his the defining, pervasive mandarin aesthetic—*many of* his *paintings and drawings here* are very beautiful things indeed, exquisitely pudged. But to be cen*tral is not* necessarily to be the most important. Though the Nicholson influence is evident in the work of several artists (in the crystalline, abstracted romanticism of John Wells, for example) it is, perhaps, the more robust reading of Alfred Wallis's example by way of Christopher Wood, so much closer to a romantic expressionism, that Dr Brown here demonstrates to have been the more potent, lasting and essential characteristic.

Indeed, as we move on through the exhibition from the smaller, more particular and intimate work of the earlier years, with its denser hang, to the more expansive work of the post-war period, though we *may have* for a moment the sense of a certain thinning-out, or failing-away in quality in fact the work in these *later* galleries comes splendidly and impressively into its own.

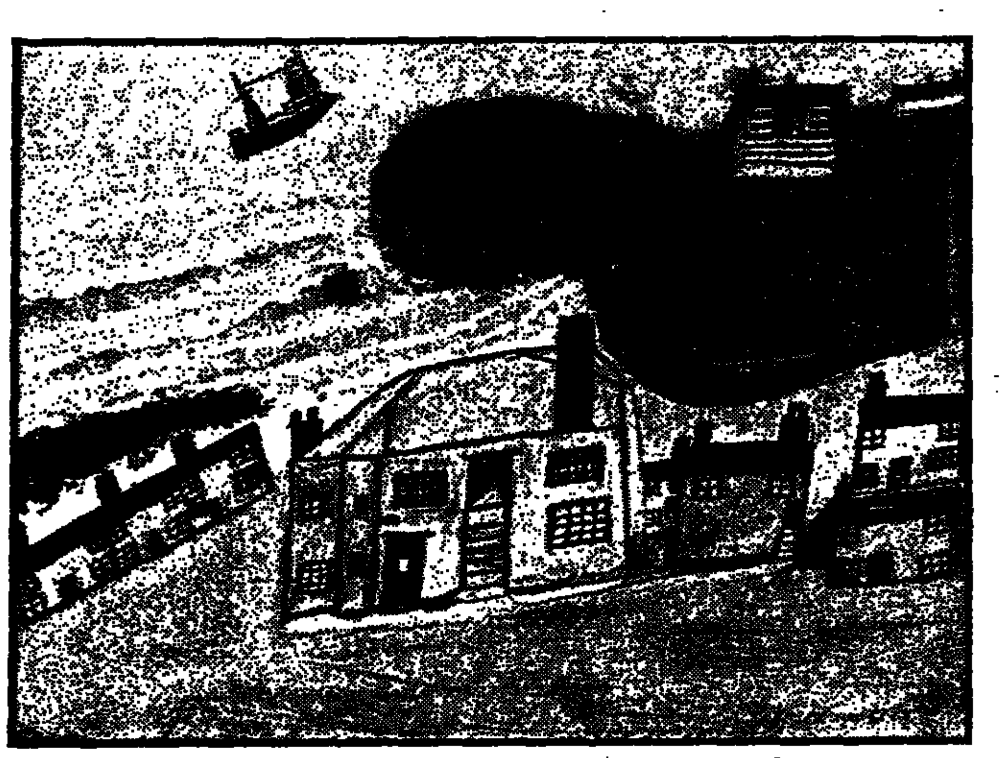
Quite suddenly, with the three large landscapes that Peter Lanyon, painted around 1951—the St Just, especially—the scale is lifted, the surface of the canvas thrown open, and an ambition comes back into English painting to be modern in the grandmanner. There is nothing precious, nothing, overtly tasteful or restrained in the statement of the image, or in the handling of the paint: all is thrown open, the mark made directly, the action trusted to be true *to itself.* We have undersold ourselves in the past, and it is easy now to overstate our case; and yet, here is painting made in comparative isolation which compares with the very best that was being done in America and Europe at the time.

Lanyon always was a landscape *painter,* close to and *dependent upon the local and* particular experience; but though some of his fellows may *have seemed to him at the time* to have moved away too far from that same source, to us, looking now at the work of Patrick Heron and Terry Frost—abstracted and unspecific, admittedly—how close it is nevertheless: Frost's to the gear, tackle and trim of the quayside, and the light sparkling off the sea, Heron's to the lights and shadows falling across the ancient fields far below his Eagle's Nest. Both have come to see themselves as colourists, pure and *simple*, in their later work, but they have never worked better than at this point. Their colouris potent as ever, yet serving a deeper instinct.

Some other London galleries have seized the moment to show St Ives' work: the Montpelier Studio in Montpelier Street, SW7, for example, with a group of largely recent works by present members of the colony (until February 27); and the New Art Centre in Sloane Street, SW1, which has an extremely distinguished group of works from the Fifties and Sixties by a few of the major figures, Frost, Lanyon, Heron, Hilton and Wynter (until March 16).

Meanwhile, good art still comes out of the West Country at large; I would particularly recommend shows by two young painters. Mary Nabbutt is at the Paton Gallery in Langley Court, WC2 (until March 2), with her figures in shoe shops and on beaches; and if her mannerisms become a shade too graphic at times, her surface is always full of life and wit. Four small studies of table-top still-life are especially impressive, and suggest a move away from a too-emphatic idiosyncracy.

Caroline White is at Quinton Green in Cork Street, W1 (until February 28), showing the recent development in her work from her relief constructions of chair backs, doorways, sills and floors, with their sharp ambiguous perspectives, towards more freely expressed and developed images of church interiors with their vaults, pews and screens — immaculately made, intriguing and beautiful things.



One of the Alfred Wallis works on show at the Tate

Pamela/Wilde Theatre, Bracknell

Michael Coveney

The first pleasure was the theatre itself, only about a third full on Friday night. The Wilde opened last year and is a marvellous galleried box theatre, spaciously and excitingly designed along lines similar to those of the Cottesloe or the Tricycle in Kilburn. It completes the 10-year-old Bracknel lArts Centre, jutting on right angle to the 19th century mansion of brick and Bath stone. If I lived in the Reading area I would regard the place as an indispensable facility. It certainly adds heartbeat to this curious overspill area of unfocussed habitation and business conferences.

Pamela, Samuel Richardson's 1740 novel based on the fictional letters and journals of an abducted serving girl to her parents, has been adapted by the director Giles Havergal and the actress / dramaturg Fidelis Morgan for the Shared Experience touring company. They have come up with an imaginative and indeed *brilliant* piece of work which is no dogged rendering but a theatrical piece in *its own right.* Richardson's "Virtue Rewarded" subtitle is replaced, in the programme, with "The Reform of a Rake," the first bound away from the source.

The letter convention is dropped, the unscrupulous landowner Mr B—here dubbed Belville—seen confessing his passion for the 13-year-old girl in his mother's service. We have an invented death-bed scene for the mother and the dialogue proceeds to link-up with Richardson's narrative in seamless and confident fashion: Havergal and Morgan have indeed written a new 18th-century play and set it within the potent metaphor of a rehearsal room—mirrors, moving screens and clothes rails—where a run-through has been arranged for Pamela and Belville while half the company is swelling the crowd in *Coriolanus* elsewhere in the complex.

Stylistic capital as well as pungently pertinent reflection on the national theatre is thus made out of reduced circumstances, with Robin Hooper's crotchety grey-cardiganed director picking up the script to fill in Pamela's contrasting confidantes, Mrs Jervis and the foulmouthed Mrs Jewkes, and two support actors, Sian Thomas and John Baxter, united in sullen reluctance to help out the cause.

Ms Thomas in particular catches superbly that listless participation of the rehearsing artist as she steps with careless languor in and out of a crinoline and then snaps into *devastating* form as Mr B's bitchily prosecuting sister Lady Davers. In the failed rape scene, as Ian Reddington throws off his maid's habit to bestride the fainting Pamela, Ms Thomas sits idly on the touch line munching an apple and reading "Stress and your Stomach."

Just as Mike Alfred's memorable version of Schnitzler's *La Ronde* for this company exploited the sensuality of disguise and costume changes, so Mr Havergal and his designer Paul Dart achieve a gripping atmosphere of "performance." This quality reaches joyful apogee in the masquerade of the Countess of Pembroke, disguised as a Spanish nun, seducing Belville while Pamela, by this time married to him, is left jealous, forlorn and pregnant *in one of the country seats.*

The sequence does not occur in the two-volume *Pamela* and *I suspect it might derive from* one of Goldoni's two adaptations. At any rate, there is a *Goldoni-esque flourish of* brilliant animal masks and *commedia* expression that subsides into a tragic final scene of deception, death and confession.

Charon Bourke's Pamela makes the most of a role that avoids Richardson's simpering virtuosness and elaborate on the heroine's partly acknowledge attraction to Belville. Strong-willed and rosy-cheeked, neither too prim nor too pert, Ms Burke covers the range of helplessness, resentment, humility and pride with assurance and wit. Mr Reddington exactly captures what I take to be the hero's smarmy deviousness and cruelty gradually invaded by the undeniable appeal of the girl in his command.

The key respective emotional statements are his "I can't live without you" and her "Why can't I hate him?" These sentiments are exactly in focus in the production, and lend the piece, a most impressive exercise of creative dramaturgy, a resonance that leads us into the dramatic and literary ambience of both Marivaux and de Sade.

Later this week you can catch *Pamela* at the *Gulbenkian* in Canterbury. It travels thence to Belfast, Bangor, Glasgow, Sheffield and Bristol before a London season at the Bloomsbury from April 2.

Japanese Projects/Almeida Theatre

Paul Driver

The ensemble Music Projects / London, directed by Richard Bernas, performed five *works by contemporary Japa*nese composers at the Almeida Theatre on Sunday evening. It was the *first of two surveys* undertaken in connection with the present mini-festival in London, *Close-up of Japan;* the second is on March 3.

Four of the five works featured *small groups of string* instruments and, in each case, the predominant sounds were delicately-etched harmonics, quiet and slowly changing. The pieces were like constellations of *flautando* sounds, the musical motion tending to be circular rather than goal-oriented. Nevertheless, there was little ethnically "Eastern" about the idioms of these *pieces: their technical language relates to European* and American avant-garde modes (Yuji Takahashi was a *disciple of Xenakis). Much of* the expressive substance of the string pieces could be associated with John Cage.

The pleasantest item was the first, Jo Kondo's *Threadbare Unlimited* (1979), for eight strings. Each sound is articulated with the same dynamic shading (a crescendo from soft to loud), so that the music can tantalise with a built-in but pre-neutralised *espressivo* element. The piece, relatively brief, also holds the listener with strange *memories* of Mahler slow movements; its poise of consonantal and dissonant *harmonies is satisfying,* too. It was very delicately, pointedly executed by the *ensemble.*

Kondo was *also* represented by a less striking *Antilogue* (1984) for oboe (Christopher Redgate) and string quartet. Redgate gave a powerful display of solo virtuosity in Takahashi's *Operation Euler* (1967) for live and pre-recorded oboes, a mathematical construction whose *loudness and frenzy* were in salient contrast with the rest of the concert.

By the end of the evening, one had begun to tune in nicely to the intense musical slowness and *quietude; thus,* Somei Satoh's *Sumeru* (1982) for strings and an array of metallic *percussion, from which fabu*lously evanescent noises (sometimes like the rustle of a wind) *were drawn, was all the more* absorbing for its considerable length and unshakeable *placidity.*

Borodin Quartet/Elizabeth Hall

Andrew Clements

The first of the Borodin Quartet's three recitals this month in the Elizabeth Hall was generously praised here last week by David Murray. There is no reason to be any less enthusiastic about the second programme on Sunday afternoon of Mozart, Ravel and Beethoven. It takes only a moment to adjust to the scale of the performance —the Borodin does not hurl its music-making at the audience; the sound for all its depth and richness is relatively small, and tends to draw the listener towards it rather than keeping one at arm's length. That though only focuses attention on the purity and unalloyed musicality of the playing.

Unnerving to hear the opening of Mozart's D minor quartet K.421 unfolded so naturally, and to find the dimensions of the first movement so precisely assessed; refreshing to discover a group which still treats the string quartet as *chamber* music, as essentially an intimate discourse between equals.

I have never heard a quartet register the scale of a Beethoven quartet so instantly and completely as the Borodin managed with Op. 59 no. 3; from the first chord it was clear that the dimensions were a magnitude greater than all that had gone before and that the playing would thus admit a greater range of expression. Doubts only raised themselves in the finale: should it not, for all the transparency of the textures, have carried a greater sense of finality, have seemed more obviously a summation?

Tate, Holliger/Elizabeth Hall

Max Loppert

Jeffrey Tate and the English Chamber Orchestra joined forces on Friday for music-making that was fresh, vital, natural, and wonderfully unlike the orchestra's tidily (not to say waxily) uninvolved familiar form. "Music-making" is how one reckoned the performances of both Prague and Linz symphonies; Mr Tate's demeanour on his podium seat, and his way of eliciting responses from the players, encouraged the phrase, for his chosen role was clearly that of first among equals, not briefly visitant deity.

Both Mozart symphonies are usually delivered as concert fodder, their tremendous disturbances and exhilarations pared down or dulled away; to hear them rendered as though their matter can still impart fresh meaning was tonic. In questions of tempo, melodic shaping, balance of dynamics and ensemble weight, there was nothing in either work to indicate a search for egregious effects; sanity and native Mozartian logic prevailed. But good sense was complemented, as in genuine Mozart performances it always must be, by delight in the invention, exuberance of appreciation—the gentle emergence of the suavely creeping semitonal bass line in the Prague slow movement set one a-shiver, as it always ought to but so seldom does.

Between Mozart symphonies, Heinz Holliger came to play the Strauss Oboe Concerto. Mr Holliger seemed the ideal kind of soloist for the occasion; his genius is not for sanitized perfection (despite the hallowed authority of his technical prowess there were even one or two minor mishaps in the work's early stages) but for the combination of tone, accent, and musical understanding that makes familiar things fresh. The accompaniment was not just well placed but responsive; exchanges between the oboist and various orchestral first desks took on the chamber-music quality for which Strauss must have been hoping.

Brendel/Festival Hall

Max Loppert

The finest parts of Alfred *Brendel's recital on Sunday* afternoon were the outer ones—Haydn to begin with, Musorgsky to close. In between came Schubert's Wanderer Fantasy; but, although Brendel's authority as a Schubertian needs no underlining, there was here a dryness, both technical and spiritual, that robbed the performance of excitment. Brendel's Wanderer, at least as heard on this occasion, lacks animal vitality, bigness, passionate colouring of detail; though its exhortant demands were compassed (with little to spare in the final stretches), this was achieved in a way that left little room for the listener's own imagination to flower.

But of Haydn the performances were exemplary, and *that* of Musorgsky's *Pictures at an Exhibition* was original, energetic, and — even in those passages where Brendel's technical equipment fell short of full Russian bravura — charged with an air of challenges faced and honestly answered. The Haydn works, the F minor Andante and Variations, and the E flat Sonata (Hob XVI: 52), are among the composer's keyboard masterpieces. The programme note spoke aptly of Haydn's mastery of surprise gesture; it is a mastery in which this pianist revels, for he responds to the surprising phrase lengths, the sudden plunges into silence and unpredictable harmonic areas, with inimitable wit and sharpness of vision.

In this light, the Musorgsky reading could with permissible licence be described as Haydn-like. Never before have I heard so much conversational humour drawn from its parade of voices, so much distinctness of characterisation that was at once musical and dramatic. All that was missing was the grand sweep of invincible keyboard virtuosity; but on this occasion its absence was a small price to pay.

Nikolai Petrov/Wigmore Hall

David Murray

Mr Petrov is a Russian power-pianist, a muscular acrobat of the keyboard, and he chose his Sunday afternoon programme accordingly. Not that the famous *Pictures* of Musorgsky *have* to be treated as virtuoso-fodder; but they can be, fairly enough, and they were. There was also a strident, finger-breaking Sonate by Rodion Konstantinovich Shchedrin, and Prokofiev's more purposefully violent Sonata No. 7, separated by the latter's quaintly nostalgic *Tales of the Old Grandmother* Op. 13. Petrov delivered the *Tales* honestly and tastefully, in the impersonal mezzo-piano manner that he favours for non-virtuoso music (as also the "Vecchio Castello" and some of the "Promenades" from the *Pictures*, and his Skryabin encore from Op. 52); the rest was mostly as sensational as it was intended to be.

The *Pictures at an Exhibition* sported a number of extra effects presumably devised by the pianist: glissandi in "Baba Yaga," much beefing-up of the "Great Gate." (That's understandable, if no longer fashionable in the West — the bald piano-writing invites it, though I prefer Horowitz's emendations to Petrov's.) There were impressive onslaughts on not *only those pieces but* "Bydlo"—colossal tone, never actually harsh—and "Goldenberg and Shmuyle" (the shiverings of the poor Jew became an electrical storm). "Limoges Market" shot by at brilliant speed; the "Unhatched Chicks" and still more the "Tuileries" were dazzlingly crisp and even witty. All quite external, if you like, but in stupendous Technicolor.

Shchedrin's Sonate proved to be more "modern" than the theatre-scores by *which* we know him: tricky ostinati, as in much national music of the forties and fifties, and a high level of dissonance. Its wild digital flights add little musical point, but if they weren't its *raison d'etre* they are surely the only reason for playing it. The Prokofiev Seventh was strong and idiomatic for two movements, good to hear after an incoherent South Bank performance last week. Petrov began the final *Precipitato,* however, at a speed which meant that the climax had either to be disappointingly slowed, or galloped through on a prayer that this would be a lucky night. Petrov chose the latter, and wasn't so lucky.

London Mozart Players/Festival Hall

Andrew Clements

Jane Glover's chronological survey of Mozart which constitutes her first season as artistic director of the London Mozart Players has reached the late 1770s. Wednesday's instalment was "Final Years of Service: Salzburg 1779-1781" and *focussed on the two double* concertos in E flat, K.364 and K.365. The evening was given a thread of continuity by Simon Gallow's narrations, refreshingly concise and free from coyness, but still never quite justifying their existence over the information already contained in the printed programme notes.

In the Sinfonia Concertante for violin and viola the soloists were Mayumi Fujikawa and Nobuko Imai: their account was essentially brisk, neat and unsentimental. Miss Glover's rather plain, undramatic account of the opening tutti set the tone for much of what followed, with neither player willing to introduce much amplitude into her phrasing, nor give the rhythms anything more than the most perfunctory characterisation. *The most impressive movement* was the Andante, in which Miss Imai's warm tone and natural expressivity could not be denied, and there was nimble passage work from both in the finale.

Miss Glover framed the two concertos with a pair of symphonies, no. 32 in G, K.318, and no. 34 in C, K.338, in which she obtained vigorous and responsive playing from her *orchestra, performances that* really began to take on life of their own. Curious then that her accompaniments should have seemed so unimaginative, for after the neutrality of the *Sinfonia Concertante* she produced something nearly as uninvolved for the Concerto for *two pianos, K.365, in which* the pianists were Peter Katin and a young Canadian pupil of his, Martin Humphreys. In many ways their playing was the antithesis of that of their string colleagues, sometimes a little ragged and cluttered, but convincingly spontaneous and full of affection.

Tokyo's Buto Festival

Marie Myerscough

Buto, Japan's peculiar surrealistic modern dance, at its most typical is *performed by groups of dancers* who paint their bodies white and shave their heads. Visual and dramatic, it approximates wordless theatre and defies usual ideas of dance.

A thoroughly Japanese amalgam of forces (European dance, grotesque art and literature; Japanese classical and popular arts), born into the *avant-garde* "happenings" in the 1960s, Buto is without doubt Japan's most important contribution to modern dance.

Popularity abroad (especially Europe), and the Japanese dance world's final acceptance of Buto as valid, are celebrated in this unique festival, bringing together the big *names of the genre.*

Legendary founder Tatsumi Hijikata, oldest dancer Kazuo Ohno (now 78), and more recent exponents represent the broad scope of Buto from its bizarre beginnings and beyond. The Dairakuda-kan, Byakkosha, Dance Love Machine, Kunishi Kamiryo of the Kasai School, Min Tanaka troupes, and Teru Goi, solo, portray poignancy, humour, beauty in addition to the traditional grotesque and absurdities. Costume also makes a comeback.

The festival is organised by the Japan Cultural Centre (5800031)Yurakucho Asahi Hall and Shinjuku Bunka Centre most evenings until Feb 27.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Feb 15-21

Opera and Ballet

LONDON

Royal Opera, Covent Garden: For its Handel celebration the Royal Opera returns, after a gap of nearly two decades, to Samson, perhaps the supreme English oratorio. Jon Vickers is once again the hero, the new production is by Elijah Moshinsky, the conductor is Julius Rudel. Also, further performances of the Traviata *revival, graced by a beautiful and* touching heroine in Ileana Cotrubas, and of Der Rosenkavalier, conducted by Georg Solti. (2401066).

English National Opera, Coliseum: Reginald Goodall's conducting and the production by Götz Friedrich are the two powerful strengths of the new Tristan and Isolde. Iain Hamilton's Anna Karenina, of which the ENO gave the successful premiere a couple of seasons ago, returns for further performances; the updated New York setting of Rigoletto, perhaps the company's most celebrated production in recent years, is back in the repertory in excellent shape. (8363161).

PARIS

La Traviata performed by Orchestre Colonne conducted by Donato Renzetti in a Bonn Opera production by *Luca Ronconi with Violetta sung al*ternately by Diana Soviero-Uzan, Jenny Drivala and Julia Kukely. TMP-Châtelet (233.44.44).

Théâtre ... Isolde alternates with Konrad Böhmer's Doctor Faustus, world premiere co-produced with Netherlands opera conducted by Janos Kulka/John Burdekin with Heinz-Jurgen Demitz in the title role. Bohmer has reinterpreted the *myth of Faust according to histori*cal documents, turning him into a strange mixture of vulgarity and spirit of adventure. Paris Opera (742.57.50).

Homage to Antony Tudor. *Lilac Garden, Shadowplay, Continuo, Dark Elegies in Anthony Tudor's* choreography to music by Chausson, Koechlin, Pachelbel and Mahler. Opéra Comique – Salle Favart (296.06.11).

WEST GERMANY

Berlin, Deutsche Oper: Carmen returns with Teresa Berganza and Franco Bonisolli as leads. Handel's Messiah is presented in a scenic version by Achim Freyer for the first time. To commemorate Alban Berg Lulu is offered with Karen Armstrong in the title role. (34381).

Hamburg, Staatsoper: There has been *much applause for the new produc*tion of My Fair Lady, with Gabriele Hamm as Eliza Doolittle and Boy Gobert playing Henry Higgins. Der Troubadour brings together Lucia Plowright and Piero Cappuccilli. Luigi Nono's rarely played Intolleranza has fine interpretations by William Cochran, Beatrice Niehoff and Gabriele Schnaut in the leading parts. (351151).

Frankfurt, Opera: Der Türke in Italien is conducted by Volkmar Olbrich. Don Giovanni has a new cast headed by Benjamin Luxon, Jill Gomez and Paula Page. Lulu, with a complete third act, will be offered for the last time this week. Der Zigeunerbaron rounds off the week. (25621).

Cologne, Opera: The highly acclaimed *production of Katja Kabanova,* by Jarry Kupfer, has Helga Dernesch, Delores Ziegler and Mathias Hölle. (20761).

Munich, Bayerische Staatsoper: Wozzeck is ideally cast with Karl Ridderbusch and Marjana Lipovsek. Die Fledermaus is a traditional Otto Schenk production. It convinces thanks to Carlos Kleiber's eloquent conducting. Orpheus and Eurydike is conducted by Heinrich Bender with Kornelia Wulkopf, Pamela Coburn and Kulie Kaufmann. (21851).

BRUSSELS

L'Elisir d'Amore conducted by Sir John Pritchard with Vincento La Scola and Alberto Rinaldo. Théâtre Royal de la Monnaie. (2181211).

ITALY

Rome, Teatro dell'Opera: Le Perichole conducted by Pierluigi Urbini with choregraphy by Lorca Massine and scenery by Michel Lebois. The cast includes Elena Zilio, Claudio Desderi and Ugo Bonelli (461755).

Milan, Teatro alla Scala: The Barber of Seville, conducted by Piotr Wollny and Zeffirelli's new production of Swan Lake (with the Odette/Odile role split between Alessandra Ferri and Carla Fracci (alternating with Renata Calderini and Anna Razzi). Choreography by Rosella Hightower (809126).

Bologna, Teatro Comunale: Attila sung by Ruggero Raimondi, with Silvano Carroli, Veriano Luchetti and Mara Zampieri, conducted by Gunter Neuhold. (222999).

Parma, Teatro Regio: Tosca conducted by Gunter Neuhold and directed by Giancarlo Cobelli, and sung by Jeannine Altmeyer, Bruno Bulgarelli and Marcello Giordano (22003)

NETHERLANDS

Scheveningen, Circus Theatre. Three ballets by Jiri Kylian danced by the Nederlands Dans Theater: New Ballet (Litoslavsky), Svadebka (Stravinsky's Les Noces) and Sinfonietta (Janacek). Wed (dress rehearsal) and Thur (world premiere of New Ballet). (558800).

The Netherlands Opera production of The Rake's Progress by Stravinsky, directed by David Alden, with decor and costumes by David Fielding. Edo de Waart conducting the Radio Chamber Orchestra, with soloists Sheri Greenawald, Neil Rosenshein and Thomas Steward. Tue and Thur at Amsterdam, Stadsschouwburg (242311).

VIENNA

Staatsoper: Tosca, widely acclaimed performance conducted by Arena with Pavarotti, Wixell, and the Vienna Boys Choir; Raymonda, ballet by Petipa, Nurejev and Glasunov conducted by Schirmer, Manon conducted by Fischer; Falstaff conducted by Zedda with Lorengar, Ludwig, Pons, Allen; Simon Boccanegra conducted by Marco Freda with Freni, Gonda, Bruson, Ghiaurov. (5324/2655).

Volksoper: The Magic Flute; Orpheus in the Underworld; Premiere of Lehar's Das Land Des Lächelns conducted by Bibl. Zarewitsch. (5324/2657).

NEW YORK

Metropolitan Opera (Opera House): James Levine conducts the premiere season of Nathaniel Merrill's production of Porgy and Bess, designed by Robert O'Hearn, starring sopranos Grace Bumbry and Myra Merritt, bass Simon Estes and baritones Charles Williams, Gregg Baker and Bruce Hubbard. James Levine also conducts the last seasonal appearances of Lohengrin starring *Anna Tomowa-Sintow,* Eva Marton and Placido Domingo. Placido Domingo conducts the last performances this season of La Bohème with Catherine Malfitano, while Neeme Jaervi conducts Eugene Onegin starring Kay Griffel and Leo Nucci. *Lincoln Center* (3626000).

New York City Ballet (New York State Theater): The 31st season continues with mixed programmes that include 17 Balanchine, eight Robbins and three Martins ballets. Ends Feb 24. Lincoln Center (8705570).

TOKYO

Tokyo Ballet Company with Jorge Donn. Palais de Cristal, Siegfried, Dichterliebe-amor di Poeta, Bolero and others. Choreography: Balanchine, *Maurice Béjart, Jiri Kylian.* NHK Hall (Mon) (3831511).

Buto: The first-ever festival continues with Min Tanaka, Maijuku group and drummer Milford Graves (Mon, Tue); Dairakuda-kan (Wed, Thur), Shinjuku Bunka Center (5800031).

FINANCIAL TIMES SURVEY

Tuesday February 19 1985

LEBANON

The Lebanese Government is being given the opportunity by the Israeli withdrawal to re-assert its overall authority. Radical changes will be needed, however, in the country's archaic political system to ensure the recovery of prosperity

An economic cliff-hanger

THE SURVIVAL of the Lebanese state, politically and economically, will be at stake over the coming few weeks.

In the wake of the scheduled withdrawal by Israeli military forces from an area of nearly 350 square kilometres in the heavily populated vicinity of Sidon, a struggle for control of the large refugee camp of Ein Hilweh near the city is considered as an almost foregone conclusion.

By RICHARD JOHNS

If it were to trigger off large-scale fighting amongst Lebanese sectarian forces and lead to yet more shifts of population, the already tattered fabric of a state could be torn to shreds.

Rightly or wrongly even moderate Lebanese politicians, officials and analysts, as well as Christian Phalangist leaders believe that this is precisely what hard-line elements in the Israeli politico-military establishment want — in the first instance, to see Palestinians tear themselves apart, and in the longer-term to prove the Lebanese Government cannot control its territory, thereby justifying continued interference and *de facto* control of the border region south of the River Litani.

That consensus, at least, as to Israeli motives, has led to concerted effort by the Congressional leaders in Lebanon's euphemistically termed "government of national unity" formed last April, to ensure that mayhem, chaos and bloodshed does not occur.

The prospects seem fair that two brigades of the Lebanese army, last split asunder a year ago and reconstituted for the third time since 1975, will be allowed by Lebanese sectarian warlords and their armed extremists to take control. Such an outcome will be a merciful relief to all citizens not blinded by sectarian hatred or myopic with factional suspicion, but it will not in itself solve the deep-rooted political problems inherant in a confessional system dating back to independence from French mandatory tutelage in 1943

Nearly nine months after Mr Rashid Karami's Government took power it seems as far away as ever from bringing about the reconciliation recognised rhetorically by all factions as a pre-requisite for Lebanon's future as a viable entity, but in practice largely ignored. Instead the various parties regard the problems as intractable and resort ostrich-like to the hope they might eventually disappear.

Increasingly, however, a solution is being seen across a broad section of society as an immediate imperative if Lebanon is to be saved from financial insolvency and economic collapse. There is recognition of the need for a united Government capable of asserting at the least the minimal authority possessed by any other state in the world. and of offering something approaching complete security in areas not under Syrian or Israeli military occupation.

In the longer term radical changes to an archaic system will, nevertheless, be needed if the country, having overcome the immediate crisis, is to recover anything like its former prosperity.

Under the original deal reached four decades ago, the higher public offices, and representation in the national assembly were apportioned on the basis of a six-to-five Christian-Moslem ratio with more minor positions distributed elaborately amongst a multiplicity of sects.

Predominance

Essentially, it was a deal between Christian Maronites and Sunni Moslems, but it ensured the predominance of the latter, giving it the presidency, army command, and governorship of the Central Bank, as well as other key posts. That arrangement continues.

The quaint National Assembly still remains very much a selective club uniting big business and quasi-feudal power, although there is now a more popularist, particular Moslem Shi'ite element in it.

Lebanon's pluralistic system could not have been better designed for ineffective administration, nor as a means of preventing the development of a sense of nationhood. Government is still cynically regarded by critics as a means of enrichment, direct or indirect, for some of its members and their associates.

There have only been brief periods under President Chehab's regime from 1958 to 1962, the first two years of President Franjieh's administration from 1970-72 and the premiership of Dr Selim al Hoss from 1976 to 1980 when non-confessional and technocratic pragmatism asserted itself and seemed to have a chance of ascendancy.

Laissez-faire government in an extreme form was one inevitable concomitant of Lebanon's plurastic system, making Lebanon an entrepreneurs' paradise but depriving it of adequate infrastructure and allowing growing inequalties of wealth.

Another was the liberal economic system, the basis of the country's old growth and prosperity up to 1975 and of its remarkable economic survival until 1983 through the original civil war, subsequent inter-communal conflict and the devastating Israeli invasion of 1982.

Lebanon's unique political system also exposed the country, in which latent sectarian tension has always existed, to disruptive foreign influences and made it a free-zone for other powers' disputes. The disruptive effect of Arab nationalism with its appeal to the Sunni Moslems from the early 1950s, and particularly in its Nasserite form from 1956 onwards, always threatened destabilisation. The concentration of the Palestinian guerrilla presence after it had been ousted from Jordan from 1970 led to the civil war, the Syrian occupation of a large part of the country and the Israeli invasion.

Short-lived hopes that the otherwise divisive peace agreement of May 17 1983 with Israel signed by President Amin Gemayel would lead to withdrawal of both armies had evaporated well before its abrogation by Lebanon 10 months later.

Syria's military presence originating from President Hafez Assad's move in 1976 to contain the civil war and bring about an equilibrium of Damascus's choice, looks as though it will be an indefinite feature of Lebanon. It is seen by Syria primarily as a means of protecting its soft underbelly from Israeli attack.

Decisive Syrian influence over any Lebanese Government looks like an enduring factor. In line with its ambitions for regional Arab hegemony, Syria will continue to keep Lebanon weak, playing off factions against each other and keeping a rough, balance, in a cynical policy of divide and rule.

The extent of Syria's influence is deep-seated. The present Government was formed under the aegis of Syria rather than President Gemayel. It was Damascus, not the Lebanese head of state, which persuaded Mr Karami the Syrian capital's trusted man in Lebanon, to enter into the direct, abortive talks aimed at an accord on Israeli withdrawal and security arrangements.

The premier always goes to the Syrian city at time of any Cabinet crisis usually accompanied by Mr Walid Jumblatt, the canny Druze chieftan, and Mr Nabhi Berri, the Shi'ite leader.

Virtually no one in Lebanon thinks Israel will voluntarily surrender *de facto* control over the area south of the River Litani. Despite Unifil, and whatever the actual performance of the Lebanese army around Sidon in the coming week or so, a buffer zone of the sort existing before the invasion of 1982 seems inevitable. This will be the case even if—as the Labour majority in Israel's coalition Government seems to want—the second phase of the planned withdrawal is completed.

Israel will have no difficulty either in asserting its influence elsewhere through well-established contacts with the Christian Phalangist party and the Druze community of the Chouf.

Syria and Israel in their different ways make a potent prescription for paralysis as far as any Lebanese Government is concerned. As it is, the political reform sought since 1976 —in effect a more equitable sharing of power—has not been advanced apart from the agreement on a 50:50 Christian-Moslem share-out. This was the basis on which the formation of the Syrian-sponsored government of national unity was based.

The deliberations of three multi-confessional committees which are looking into distribution of power, rights of citizenship (which could accept consensus on the demographic balance) and the revision of the decrees of the last administration (most of which look to be unconstitutional) have produced no unanimous recommendations—though they could overnight if the political bosses agreed among themselves.

Eventually any settlement would have to involve a new deal for the Maronites and the Shi'ites, now the controlling power in West Beirut, and the two biggest communities with roughly a third each of the population. It would also have to take into account the Druze community, only 8-9 per cent of the total but members of a heterdox Moslem sect with a ruthless determination to establish their own semi-autonomous status and with a formidable military arsenal and muscle which has thrashed the Phalangists and held the timid army at bay.

Druze factor

Less than ever is it a question of a basic Christian-Moslem split even if, as fratricidal hatred has deepened, the Greek Orthodox, who coexisted so amicably with Moslems during the civil war, have now tended to seek refuge in the Maronite heartland. The Druze remain the biggest maverick factor in the equation.

President Gemayel is said to be still in favour of a unitary state, though some of his Maronite advisors evidently are not. As the depth of the cumulative bitterness has been realised there has been more and more talks of confederation or cantons. Lebanese are well aware that the Swiss fought for a century or more before finding their solution—but are less appreciative of the self-sufficiency of that society.

Maronites and the Druze have their own enclaves more or less defined. Sunnis predominate around Tripoli in the North and Sidon in the South.

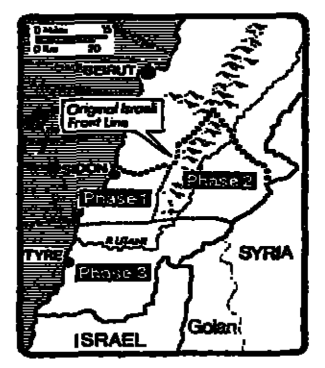
President Gemayel, disappointingly, has failed to convince the vast majority of non-Maronites that he is above inter confessional difference. The third-time-reconstituted army is generally regarded as primarily a symbol of the Maronite authority. Until recently its deployment under various security plans in the face of various militias has been unconvincing.

Dr Hoss is credited with being the only member of the Government with a good grasp of the economic facts of life, and the only member respected by that still-resolute core of Lebanese of all sects who still cling to belief in the possibility of a sectarian unified country.

The crash in the parity of the pound, seemingly the country's only indestructible asset in recent times, has brought home to most educated Lebanese the consequences of political failure. The currency was and is one of the few non-sectarian issues. The privileged now appreciate the possible implications of economic deterioration. Roaring inflation and high unemployment could bring about social explosion and anarchy cutting horizontally across vertical sectarian lines.

An active Marxist left is only waiting to exploit such a situation. The prospect of all hanging together will hopefully bring about a political consensus and cohesion convincing enough to mobilise the aid required in the next few months to avert financial bankruptcy and collapse.

As Israeli troops continue their phased withdrawal, the Lebanese Government is trying to take tough measures to reduce further bloodshed between rival factions. Above, centre: General Antoine Lahad, commander of the Israeli-backed South Lebanon Army, with troops as plans were being made for the pull-out



The three areas of the phased withdrawal by Israeli troops.

IMF report betrays a hint of desperation over Lebanon's public finance problems.

Blunt conclusions on the state's fortunes

THE LEBANESE Government can only be saved from financial collapse this year by an effective assertion of its authority in the near future and in sufficient strength to enable it to collect customs dues and tax revenues constitutionally owed to it.

These conditions are also the essential pre-requisite for the external financial assistance needed for budgetary, as well as balance of payments, support needed if the state is to acquire the essential means for anything more than bare survival over the next year or two.

That is the blunt conclusion of most independent economists and senior bankers here who are not relying on some unidentifiable dues ex machina to save the state's fortunes. The basic financial facts, as well as known reservations of donor countries about the hapless country's government, spell out the message clearly.

By RICHARD JOHNS

The IMF is very worried, too. A recent staff rpeort, dated January 4, said a recent mission had "expressed serious concern about the size of the financial deficit, and especially about increased reliance on central bank borrowing to finance it. Not only does the larger deficit signal a marked expansion in the relative size of the public sector debt in what traditionally has been a *laissez-faire* economy, but, the domestic public debt service, which was non-existient before the outbreak of hostilities, now absorbs one half of total budget receipts."

Expenditure

Government expenditure has increased five-fold since 1979 and over the past two years, in particular, because of increased spending on defence and armaments, while revenue has declined. Last year it probably covered only 30 per cent of state expenditure as servicing the internal debt devoured rather more than half of income.

By the standards of its customarily reserved and polite language, the report betrays a hint of desperation about the fate of the country. It was based on consultations, held early in November, when it looked as though the Government was taking control of the ports, the most vital source of revenue, and about to implement other vital security measures.

Since then, customs dues have dwindled as the state has lost its short-lived, uncertain grip on the ports of Tripoli and Jounieh, where the dues on the inflow of goods are being filched by others, at cheaper rates, diverting imports from Beirut.

Friendly governments responded to the call by the official Lebanese authorities to ensure their shipping companies called at the official point of entry, Beirut.

As often as not, businessmen say, they off-loaded only part of their cargo there, taking the bulk to Tripoli and Jounieh. Smuggling elsewhere is rife. And Lebanese merchants everywhere remain masters of under-invoicing.

Last year, customs provided only L£400m, compared with the L£3bn expected. Cusoms traditionally bring in about 40 per cent of the state's income, and direct taxes, a similar proportion, with the balance coming from fees, duties and other minor sources.

The Government's expectation again this year of L£3bn from th ports could be based on pessimistic assumption about the likely flow of imports. Tariffs on them could be worth as much as L£6bn according to experienced economic observers here—though their assumption could be somewhat optimistic given the likely availability of foreign exchange.

As it is, the decision, implemented from mid-January, to levy duties on the basis of a "customs' dollar" deemed to be worth L£6bn would effectively cut receipts by 60 per cent or so at present exchange rates.

The probability is that the merchants will profit from the concession passing nothing onto the consumer in an ogolopolistic trading situation, where two or three importers dominate any particular category of goods. And certainly the corresponding rates for other currencies set seemed to favour some importers of greater influence rather than others of less status.

At present it looks as if the Government will be fortunate to obtain more than L£3-4bn from all sources. Such an amount would be insufficient to service the Government's domestic debt servicing obligations.

"That would seem as good a definition of bankruptcy as any," observes Dr Elias Sabam, now a senior member of Beirut's banking community but formerly Minister of Finance (1970-72) and, before that, a distinguished economist at the American University of Beirut.

Mr Adel Hamiyeh, another ex-Minister of Finance (1980-1983), described the situation as "dangerous, but not desparate." When others are profiting from illegal ports, you can hardly expect others to pay their taxes."

A Beirut exchange dealer holds up handfuls of dollars and Lebanese pounds after the Lebanese currency lost *10 per cent of its value in a single day*. Financial officials have been seeking ways to stop the rose of the dollar against the pound

Whether correctly characterised as dangerous os desperate, there is no doubt about the gravity of the state's finances. As it is, no "closed accounts"—audited figures of actual expenditure—have been published since 1979. The picture is further confused by the extra-budgetary accounts of semi-autonomous public entities, dependent on Treasury loans—which probably account for a fifth of total outlays.

In macro-economic terms, the IMF suggests that "banking and financial data indicate growing public sector deficits of one-third of gross domestic products."

"The budget makes no sense at all—it is just a guide," says one Western diplomat. He adds: "The estimate for the service of the debt is a fraction of what it is going to cost."

In his worst case scenario, the Government might receive only one-tenth of the revenue required for budgeted expenditure.

Late last year the original draft for 1985 was revised downwards by 12 per cent (with defence and development projects bearing the brunt of the cuts) to L£10.89bn. Some 60 per cent of projected expenditure is accounted for by the repayment of loans put at L£ 2.81bn (28 per cent); defence at L£ 2.34bn (21 per cent and an absolute rise of 15 per cent over the 1984 figure); and education at L£ 1.63bn.

Purchased

Whatever actual spending was in 1984, the Government financed it by increasing indebtedness to the Central Bank by L£ 6.01bn to a cumulative total of L£ 1913bn and outstanding Treasury bills purchased by commercial banks by L£ 3.27bn to a total of Lb 19.13bn.

Thus, indebtedness rose by L£9.29bn in 1984 bringing domestic borrowing to L£30.45bn, 54 per cent of it incurred since the end of 1982.

In the process, the Government came close to breaching the statutory ceiling of L£12bn on borrowing from the Central Bank (which had been raised from L£5bn at the beginning of 1983), by a further L£5bn, bringing the limit to L£15bn.

Of last year's increment, L£6bn was to have been spent on reconstruction and development, but most of it must have been spent on recurrent spending.

The last three issues of Treasury bills have been fully subscribed to by the commercial banks. But by the end of 1984, interest rates had been raised to 16.12 per cent for three-month Treasury bills, to 16.80 for six-month Treasury bills and 18.34 per cent for one-year bills.

The banks' declining enthusiasm for them is indicated by the marked rise proportionately in the shorter-term paper, despite the high interest rates on the longer-term instruments and the shortage of other sound, profitable outlets for their high liquidity.

As for the high yields, the IMF report observed: "While the increase was desirable in the short run, the authorities could not continue to pay such high interest rates indefinitely without real growth in the economy."

Less obviously, since the Lebanese pound started depreciating steadily, the Government has treated the Bank of Lebanon's "book-keeping profits," made in terms of the nominal value of the local currency as a result of the appreciation of the dollar and other foreign currencies, as ordinary budget receipts. The result of this practice has been to increase the underlying fiscal deficit as well as to weaken the Lebanese pound, says the IMF.

Moreover, all independent Lebanese economists agree that there is considerable wastage on spending. The general consensus is that 25 to 30 per cent could be saved. Social and political repercussions could be explosive though, if such an attempt was made to curb outlays.

Eradication of embezzlement and the limitation of arms purchases in hard currency on the open market would be applauded by almost everyone. The biggest drain, however, is the inefficiency involved in the workforce of the Government, the biggest employer by far—and one which is certainly not noted for productivity.

The bill for their salaries has tripled since 1979. The modest 7 per cent increase, awarded at the start of 1984, has been gobbled up many times over by inflation. Drastic pruning of the labour force could only encourage anarchy and revolt. Abolition of subsidies is the other easily identifiable area for cuts.

The Government took a bold step last October when it wiped out those for petroleum products, which were costing L£800m and would have accounted for about 8 per cent of the financial indebtedness in 1984.

It was a drastic measure in an impoverished country, with no public transport. The price for 20 litres of petrol rose from L£34 to L£64 (including L£4 levied by the Christian Phalangists through whose territory the tankers pass and through whose ports some of the products are smuggled).

Taxi drivers struck, causing more serious paralysis than the usual traffic jams in Beirut and other towns. They only resumed work when told a rebate for them would be considered.

So far, it has not been granted and they, like other drivers, are voluble in complaint.

Elimination of the subsidy on wheat (cheap enough in the local market to make smuggling to Syria profitable) and other essential commodities, eating up to 25 per cent of the budget, is ruled out by even the most rigorous-minded economists and bankers with the exception of one interviewed who welcomed the prospect because of the revolution which, he said, might ensue.

Solution

Full control of port facilities and a comprehensive collection of customs dues must remain the first priority of a coherent government in charge of a reunified country. That prospect depends, like everything else, on the long-awaited "political solution."

So, too, does a more efficient garnering of direct taxes. That revenue base has been severely eroded; raising them is difficult in the Syrian military zone and impossible in the Israeli-occupied area.

Basically, though, Lebanon has a sound, progressive system of direct taxation as far as corporations and salaried employees are concerned.

Merchants, professional persons and the self-employed are a different question—"the level of tax people (outside the company and PAYE network) is what they want to pay," commented an academic economist. Given the choice that tends to be nothing when little is provided by the state in return.

Mr Hamiyeh recalls how in the halcyon period of confidence in the first half of 1983 direct tax receipts soared as tellers at the Treasury worked overtime. The recalcitrants were encouraged by an amnesty for arrears, as well as a discount.

Dr Saba is strongly critical of his successor's measure, as one which penalised the honest and rewarded evaders. But at least the experiment seemed to elicit a response and evoked a dormant sense of civic responsibility—which may still exist.

In the meantime, the State of Lebanon faces the looming prospect of insolvency.

Banking: system is unscathed though ownership has radically changed

'An astonishing survival'

LEBANON'S BANKING sector is the one part of the economy to have emerged unscathed from 10 years of civil war, the Israeli invasion and continued occupation of the greater part of the country.

"*It is astonishing* how the system has survived," says Dr Willi Rellecke, the West German general manager of Rif Bank, in which Commerzbank is a shareholder with four Kuwaiti institutions.

Dr Rellecke is one of the few ex-patriate bankers remaining in Beirut as foreign institutions, in particular the U.S. and Canadian ones, have beaten a quiet retreat from the turbulence. Branches and offices have been closed and minority stakes sold to Lebanese and other Arab investors. Most notably there was Intra Investment Company's buy-out of Morgan Guaranty's 42 per cent in Bank Almashrak which gave the group, headed by Mr Roger Tamraz, 84 per cent majority control.

BY Richard Johns

Those who stayed have kept a lower profile with the U.S. ones withdrawing to Christian East Beirut. They have reduced their involvement in the economy, waiting for better times or anxious to avoid losing international face.

Arab investors have been quick to fill the breach by buying foreign shareholdings. This is an indication of the profitability of an expanding system, the attractions of banking secrecy which made Lebanon something of an off-shore centre, and the indomitably optimistic Arab view of Lebanon's long-term future.

The consolidated balance sheet of Lebanon's banks grew seven-fold from L£18bn in 1975 to L£78.49bn in 1983, a substantial increase even after taking into account inflation and the depreciation of the Lebanese pound. After the 1968 moratorium on the issue of bank licences was lifted, 10 banks were established.

Growth of 14 per cent to L£89.6bn in the nine months to September 1984 was a real decline in the face of mounting inflation and the strengthening of the dollar. About 30 per cent of deposits are in foregin currencies.

Over the nine months outstanding credit to the private sector advanced by 12 per cent from L£33.6bn to L£40.31bn and lending to the Government in the form of Treasury bill purchases by 13 per cent from L£14.71bn to L£16.65bn. But private sector deposits were only up 11 per cent from L£54.64bn to L£61.72bn. The rate of growth has been a worrying feature of the Lebanese economy. It has been far in excess of local demand, thus leading to a high level of imports, facilitating the outflow of capital and stimulating the pound's depreciation. The fact is also that the bulk of Bank credit to the private sector last year was to finance interest payments on existing debt.

Before the civil war a handful of leading foreign banks controlled a disproportionate amount of deposits, partly reflecting doubts lingering long after the Intra Bank crash. Now 18 operate in the Lebanon, including five Arab institutions.

At end-1983 they held 14.4 per cent of total assets and 15.1 per cent of deposits. But they extended only 7.6 per cent of outstanding credit, showing a cautious prudence about the risks of local lending.

Most prominent among them were the (Jordanian-owned) Arab Bank (which handled the bulk of the PLO's funds in the country up to 1982) with deposits of L£2.93bn at end 1983; Banque Nationale de Paris, L£2.21bn; British Bank of the Middle East, L£1.75bn; and Banco Di Roma, L£806m. Respectively their outstanding advances to the privates sector at that time were L£377m, L£589,000, L£511m and L£275m.

A further 26 were under foreign majority ownership, 10 Arab controlled. With 24.4 per cent of all assets, they were responsible for 27.9 per cent of private sector credit.

Most prominent are Banque Libanon-Francaise (60 per cent under control of Banque Indo-Suez and Compagnie Francaise de Credit et de Banques), and Societe Nouvelle de Banque de Syrie et du Liban, which is controlled by Banque Ottomane and French interests.

Thus the Lebanese banks had just over 60 per cent of assets and deposits but a rather greater shere of loans. Since the civil war they have expanded aggressively abroad to compensate for declining opportunities in the country especially in Paris to service the expatriate Lebanese community.

Of the 15 with a foothold there, only two were established before 1956. Some have a presence in London, while the Banque Audi is ranked seventh among Arab banks in New York. Others have spread their operations to the Gulf.

Of the longer-established Lebanese institutions, Banque du Liban et d'OutreMer, Banque Saradar, Banque-Audi, Fransbank (formerly Banque Sabbag) and the Bank of Beirut have recorded large increases in their balance-sheets.

As the North Americans have moved out and other foreign banks marked time, big Arab international entrepreneurs rushed in.

Mr Rafik Harari, the Lebanese-born Saudi businessman, took over Banque Mediterranee and set up the Saudi-Lebanese Bank in which he holds a 51 per cent stake. Mr Suleiman Oleyan, the Saudi billionaire, more discreetly has 40 per cent of the Royal Bank of Canada in Lebanon.

The Mahfooz family, also of Saudi Arabia, bought the Toronto Dominion Bank operation, boosting its capital and renaming it the United Bank of Saudia and Lebanon. Mr William Kazan and his Saudi partners, including Prince Mohammed Bin Fahd, son of the Saudi monarch, owns the Bank of Beirut.

Sheikh Kamel Adham's al Madani group injected funds into the Banque Byblos and became partners. The ailing and almost dying Majdalani Bank, the object of about L£75m of central bank support from 1974-1982, has been revived and transformed into the Allied Business Bank by the Zadem Brothers, owners of one of Lebanon's biggest contracting groups. Most recently, Mr Issam Fares's group, already well established in Paris, launched the Wedge Bank under the chairmanship of Mr Elias Sarkis, the respected former president. Mr Fares, a Lebanese businessman is closely linked to Prince Turki bin Abdel-Aziz of Saudi Arabia.

If all that investment has not constituted a vote of confidence, it is hard to see what would. The newer institutions and those strengthened by new ownership or shareholdings with increases in capital can feel comfortable. For instance, only 3 per cent of Allied Business Bank's loan portfolio was inherited from its antecedent shell, according to Dr Elias Saba, its chairman, who is a former Minister of Finance and ex-economics professor.

While investing surplus cash in Treasury bills, it has been able carefully to choose customers. Half its deposits are in foreign currency compared with an average of one-third for all banks.

The Bank of Beirut and the Arab World, one of the most conservative institutions, decided not to expand outside Lebanon but has a majority of Saudi non-institutional investors. It is typical of the Saudi banks, with 12 per cent of its lending covered by reserves. For the second year running it plans to plough back profits into reserves in line with the central bank's recommendation.

It is also planning to double its capital to L£100m, Mr Toufiq Assaf, its chairman, says. As a matter of policy, it has been maintaining liquidity of not less than 33 per cent.

High liquidity means investing pounds in treasury bills. In November, banks lending in this form amounted to L£15.5bn, or 29 per cent of total credit, with yields having reached a record level of 16.12 per cent for 3 months, 16.80 for six months and 18.34 for one year.

But with the government solvency in danger the banks are growing reluctant to take up more. Last year there was a sharp fall in the proportion of six-month and one-year bills held.

Inter-bank dealings have been greatly facilitated by La Societe Financiere du Liban which began operations last summer with a fully paid-up capital subscribed by 33 banks. It was established to help the creation of a secondary market, initially by dealing in treasury bills. It had a portfolio worth L£75m at the end of last year.

Following the critical depreciation of the Lebanese pound, it has also assumed an important role in the foreign exchange market. Since then 75 to 80 per cent of dealings were passing through it, according to Dr Nadim Saliba, chairman and general-manager, formerly with the central bank.

In the longer term the plan is that it should develop a market for new debt instruments to help mobilise funds for the reconstruction and development of Lebanon. In the short-term, while the appeal of treasury bills may be declining, some banks have speculated in the currency market, flouting regulations and exacerbating the currency's difficulties. Others have dabbled dangerously in commodities.

Liquidity is a problem for smaller houses, and the general threat from bad debt can only grow.

Mr Assaf can afford to be philosophical. "Banks have to be tolerant. Normally we recover debts sooner or later," he said. Mr Meguirditch Bouldoukian, foreign director of Banque Libano-Francaise, and shortly to become a deputy governor of the Central Bank, says the situation was not as dangerous for Lebanese banks as it was for U.S. banks with their exposure to big debtor countries.

Lebanese depositors are remaining loyal, he adds. They are covered against bank failure up to L£250,000.

Stopping the slide in the country's now fragile economy has become an urgent priority

Hard to see where it will all end

BACK IN the late 1960s and early 1970s the Lebanese used to talk of the "economic miracle" to explain how their country, lacking in natural resources and dependent on imported goods for most of its needs, could prosper and enjoy a rapid growth.

The answer, of course, lay in a combination of factors: its liberal economic system, bank secrecy, the opportunism of its entrepreneurs, the emergence of Beirut as the focal point of business in the Middle East, the country's tourist and recreational attractions, and—even then in those days of break-neck-boom—the remittances of expatriate Lebanese seeking their fortune or livelihood abroad.

By RICHARD JOHNS

The net result is that invisible earnings easily covered the ever-increasing trade deficit building up a healthy cushion of gold and foreign exchange reserves.

It was even more miraculous how the economy kept afloat for so long after the civil war of 1975-76, the prolonged Syrian occupation of a large part of the country, years of inter-communal fighting and finally the blow delivered by the Israeli invasion of 1982.

Quantifying the physical destruction is a difficult, perhaps impossible, task, nevertheless one of the conclusions of a study commissioned by the Bank of Lebanon and written by Prof Nasser H. Saidi, Professor of Economics at the University of Geneva, was: that the devastation done to the country's capital stock in the 1975-83 period had reduced it to about its 1964 level. He calculated that the "net destruction of non-human capital" at L£36bn at 1982 prices (the equivalent then of $7.6bn).

Estimates

"The true loss as measured by the differences between the actual capital stock and the potential stock is more like L£74bn." The study put the cumulative loss of output at more than L£178bn.

Lebanon's council for reconstruction and development estimated the damage from the Israeli invasion, itemised in some detail, at L£7.58bn (also in 1982 prices) the World Bank Mission, which visited Lebanon, towards the end of 1982, was unable to investigate the cost of damage but said that the CDR's figure of L£25bn as the cost of reconstruction was reasonable.

The loss of skills as a result of emigration and of life as a result of fighting is unquantifiable but a very serious aspect of the economic disaster.

In the short-term, the exodus of Lebanese to obtain work abroad sustained, in a different and much impoverished form the "miracle."

Their remittances were the main factor keeping the balance of payments in surplus up until 1982. The inflow of money to Palestinian guerrilla factions, roughly reckoned to be at a rate of $1m a day, was another boost until they were dispersed by Israel's military action.

At the end of 1982, the Bank of Lebanon's foreign exchange reserves (excluding its 9,222m oz of gold) reached a historic high point of $2.6bn. Curiously in retrospect the Israeli invasion for a while revived hope of a stable political order stimulating a capital inflow and actually boosting the value of the pound until the divisive effects of the occupation and its exploitation of sectarian divisions became fully apparent.

From mid-1983, the "miracle" rapidly evaporated. The fatal blow to confidence came with the Chouf war in September 1983 and then events of February 6 last year when the Druze and Shi'ite militias wrested control of west Beirut from the army.

Having recorded a surplus of $361m in 1982, the balance of payments (as shown by the net change on the external assets of the central bank and the commercial banks) lurched into a $933m deficit in 1983 and one of $1.47bn in 1984 at the end of which foreign exchange reserves have dropped to $640m.

In 1983, exports fell by 51 per cent from L£5.25bn while exports rose by 29 per cent from L£12bn to L£15bn, according to the Beirut Chamber of Commerce and Industry.

Invisible earnings in that year slumped by 32 per cent from L£2.86bn to L£1.95bn, according to Economists' calculations.

President Gemayel speaks at reconciliation talks in Lausanne last year. Real progress in resolving Lebanon's political problems is crucial to stemming the slide in the economy

Since then, there has been a drastic fall of income from remittances, as savings of Lebanese abroad have fallen because of the recession in the Gulf and loss of confidence in the country's future.

The fall in the net commercial assets of the commercial banks from the equivalent of L£10.80bn at the end of 1983 to L£9.22bn at the end of November is an indication of the extent of the capital outflow.

For 1984, there is a dearth of statistics about productivity. The International Monetary Fund's recent report says: "the renewed deterioration of security conditions since the Spring of 1983 dimmed expectations and led to reduced activity, even in those areas not directly affected by the conflict. The result is that real output in 1984 is expected to be about half of the corresponding level before the conflict began in 1975."

Industry has staggered on gallantly showing the legendary resilience of the Lebanese entrepreneur in the face of the mounting cost of raw materials, on which the sector is totally dependent, lack of finance to buy new machinery and, for many enterprises, a millstone of debt.

Having plummeted in the first half of 1984, industrial exports recovered sufficiently to reach L£948m over the year as a whole, compared with L£1.29bn in 1983.

That was well down on the L£2.65bn recorded in 1982 before the Israelis and then the Lebanese army wrecked nearly all industrial capacity outside the Maronite Christian heartland.

Industrial exports recovered fast from a monthly rate of L£140m in August to well over L£300m by the end of the year, largely because of the depreciation of the pound, according to the industrialists. They put the ideal exchange rate at L£7 to the dollar.

The performance, whether or not it can be contained in the face of the currency collapse, at least reflects the high value added content in Lebanese industrial output. On average, it is said to be about 70 per cent but can be as high as 90 per cent for textiles and some products.

Like industry, the agricultural sector—badly neglected before the troubles—has been hit by restrictions placed on exports of fruits and vegetables by Arab countries anxious not to let Israeli produce infiltrate their markets. Much of the output from the occupied South, cut off from the country, has rotted over the past three years.

Marketing and export sales have been badly affected elsewhere by the security situation. In the general disruption and chaos, only the growing of marijuana in an expanded area of cultivation in the Bekaa can be said to have really flourished.

Observers have also noted increased cultivation of poppies presumably for the purpose of making the noxious substance, opium. Proceeds from these high value cash crops benefit only a small minority and the bulk of profits are accrued outside the Lebanon.

The country is only about one-third self-sufficient in meat and milk products.

Two years ago it was estimated that overall output in the sector was falling 2 per cent annually while population was increasing by 2.5 per cent.

Perhaps the only economic compensation for Lebanon's prolonged crisis has been the return to the land of younger people from urban centres, for want of any other job opportunities.

Established early in 1983, the Board for Foreign Economic Relations is helping to maintain exports at something like their pre-1982 level of 300,000 tonnes annually, as well as promoting Lebanon's excellent heady red wines. The board, chaired by Mr Sami Maroun, a close confidant of President Gemayel, is still somewhat controversial with its powers overlapping and conflicting with a number of ministries in a government where economic policy co-ordination is minimal. But the majority of businessmen seem to be in favour of it, in principle, at least, though Moslems think it is "Christian-orientated," despite multi-confessional representation on the eight-man board.

A very wealthy self-made businessman in his own right, Mr Maroun is pushing proposals whereby, on a pilot basis, the private sector would be given concessions for telecommunications, power generation and land reclamation. He believes that the private sector is better than the state at achieving anything—and Lebanon's history in happier times supports his view.

Lebanon's enterepreneurs have certainly not given up as they look ahead in hope of a new order and stability.

Epitomising the indomitable optimism are the Saab brothers. Together with fellow Lebanese and Arab investors, they continue to sink L£3m monthly into the sumptuous Summerland Hotel and resort complex on the southern outskirts of West Beirut, now guarded like Fort Knox. Of this money, half is for improvements and half to cover operating costs of the complex.

In June, 1982, it presented the Israelis with an easy economic target and was hit by over 300 rockets, causing L£44m of damage. A car bomb explosion in July, 1983, set the group back another L£11m.

One day, perhaps a portion of Lebanese private foreign assets, variously estimated at anything between $10bn and $30bn, might come back, plus substantial other Arab investment as well. But for the moment, visionary optimism and plans for reconstruction are now enveloped in the darkness of the immediate future.

Grim truth

The appalling reality of Lebanon's predicament is now being brought home to all citizens by rapid depreciation of their currency which has fallen by about a half against the U.S. dollar since the start of 1985. The low point of more than L£15 to the dollar, reached recently, compares with L£5.49 at the end of 1983.

Since the slide started last summer, the tendency has been to blithely blame the "dollar mafia" of speculators. Mr Rashid Karami, the Premier, recently alluded darkly to a "conspiracy."

The Bank of Lebanon's attempts to support it have not always been adept and cost it $520m of precious dwindling foreign currency reserves last year. It also ran them down by another $763m to meet the Government's foreign exchange requirements which should, in the opinion of the IMF, have been obtained from the foreign currency market.

With the Government verging towards insolvency, though mercifully with only a negligible external debt, and the Bank of Lebanon with only enough reserves, apart from the precious untouchable gold (currently worth a little less than $3bn, enough for three or four months' essential imports), it is hard to see where it will all end . . . at least one can only agree with Prof Nadim Munla at the American University of Beirut when he says that "we Lebanese have to realise now that we are poor."

With a staff of 3,300 people, the American University in Beirut is one of Lebanon's largest employers, but its financial deficit is rising fast.

A beleaguered institution

THE SPRAWLING campus of the American University of Beirut (AUB) with its stone buildings, palms and ageing pines shading its alleyways has produced physicians, engineers, social scientists and historians in the Middle East for three generations. The survival of this 118-year-old academic institution is now at stake.

It has a financial deficit of $15m that is projected to shoot up to $19m in 1986 and $30m the year after. Student enrolment is down to about 4,000 from previous levels of 5,000 and above.

Dr Calvin Plimpton, 66, a Harvard-educated physician, recently came out of retirement to assume stewardship of the university, despite the potential danger to Americans in Beirut. He hopes to boost donations from the alumni, cut costs and steer AUB out of political and economic pressures.

His predecessor, Dr Malcolm Kerr, was shot dead by activists on January 18 1984. They claimed to be members of Islamic Jihad, the organisation that has blown up two U.S. embassies, and Marine and French troop bases in Beirut.

Dr Kerr's assassination was the severest blow ever dealt to this vital institution of higher learning, despite 10 years of civil war. In the past year, an American professor has been kidnapped and released, and a 63-year-old librarian, Peter Kilburn, is still missing.

Dr Plimpton said the U.S. Government has been the biggest supporter of the university, but it is a gross error to think that this support is unlimited or continuous. Some funds come from Middle East countries, but those depend on the state of internal security in Lebanon. Arab governments have been reluctant to infuse money into Lebanon while political turbulence and instability persist.

"AUB is not an isolated island of peace and prosperity. We have been more or less on a survival course for a number of years," said Professor Adnan Iskandar, chairman of the Department of Political Science. The university was almost forced to close its doors in 1976, were it not for last-minute infusion of L£19m from the Lebanese Government.

Mr William Jacobson, the director of the American University Hospital said the Lebanese Government now owes AUB L£65m. Of that figure, approximately L£22m are for the treatment of casualties from 1983 to 1984, he added. The rest accounts for Ministry of Health and Social Security dues.

Following the assassination of Dr Malcolm Kerr by gunmen, Dr Calvin Plimpton, 66 (above, right), has taken over as president of the American University in Beirut. Mrs Kerr (centre), with her bodyguard, is seen here leaving a recent memorial mass for her husband

The hospital is being reimbursed less and less by the Beirut Government for "third class" patients. Employing around 1,250 people, including doctors, nurses, orderlies and administrators, the hospital is running gigantic costs.

AUB has about 3,300 people on its payroll and is thus one of the largest employers in the country.

Mr Jacobson says the major obstacle to the hospital's operations is the lack of security and he pointed out that this problem was not unique to the hospital. Gunmen brandishing weapons often force their way to the emergency room screaming and demanding attention for casualties they bring in. People are desperate, they want care, they are out of jobs, he said.

Unanimity

AUB's budget for 1985 is $85m. Dr Plimpton said he was determined to fight for some degree of "financial resuscitation."

Dr Plimpton insisted that the university's job was to stay. You can't buy or sell a place like this, he observed, ruling out rumours that there were plans to creat another university somewhere else in the Middle East.

There was unanimity among the university's top administrators that an American was needed as president because, not being a Lebanese, he could best resist political pressure groups and because he would not be associated with one religious community or the other. It has been difficult, however, to fend off demands for employment and student admission, a fact that has affected standards at the university.

Despite a concerted effort to get AUB out of politics and keep it non-sectarian, the complexities of religious life have permeated the walls of the university. Islamic fundamentalist students lobbied hecticly to suspend clases on Friday and, as a result, courses with only one section are not scheduled between 11 and 1 that day of the week to leave the time open for mid-day prayers. AUB, a private institution, was founded in 1966 by American missionaries.

University professors emphasised that no one had yet interfered in the material they taught.

"I am still dictator in the classroom," commented Prof Nadim Munla of the Economics Department. He teaches controversial topics such as comparative economic systems and development.

Students do resort to veiled threats at times when they are not happy with their grades. The development of an off-campus programme for Christian students and professors who are afraid of crossing from East to West Beirut is a temporary but costly venture. It is an arrangement that will be phased out, when peace comes, administrators say.

The Christian or eastern wing of the university has no laboratories or libraries. However, it has been maintained so as not to deprive those who fear for their safety from an education, according to Dr Plimpton.

Brushing aside risks for his own life, Dr Plimpton stresses that his aim is to help in keeping AUB alive so it could yield more educated men and women.

Dr Plimpton concedes that there are no guarantees for the future of AUB. Quoting Robert Frost, he concluded: If something is worth succeeding in, it is also worth failing in.

NORA BOUSTANY

City's insecurity mounts in the wake of rising crime and violence, as **Nora Boustany** reports.

Beirut mourns a lost way of life

A HEAVY cloud of dust gave shabby buildings a ghostlike eerieness in the early morning. "God is angry with us," nodded a lone garbage collector, acknowledging the heavy sky.

This is how he summed up the spasms of violence, car bombings and spate of kidnappings that have gripped Beirut, once known as the most civilised of Middle East capitals. Though the wholesale shelling and aerial bombardment have stopped, individual crime, robberies and mysterious abductions are on the rise.

Since February last year, the predominantly western part of this Mediterranean city, referred to as West Beirut, has slipped into convulsions of anarchy and its inhabitants seem sentenced to the law of the jungle.

During the February 6 uprising in 1984, Syrian-backed Moslem militiamen defeated Loyalist Christian-commanded troops, causing a division of the army along religious lines from which it has yet to recover.

Following the battle for Beirut, the western section of town and its southern suburbs were entrusted to the mainly Shiite Sixth Brigade. However, the army force has not been able to assert itself in the face of the two dominant militias here, the Shiite Amal Movement and the Druze Progressive Socialist Party. Its ineffectiveness is due to low troop morale, the lack of cohesiveness and identification with the militias on the ground.

Refugees

The influx of refugees from South Lebanon, Beirut's crowded slums and mountain villages, unemployment and soaring prices have created unprecedented economic pressures. Car thefts, holdups in restaurants and more refined techniques of roguery have earned Beirut the nickname "paradise of thieves."

Newspapers are a daily chronicle of horrors and calamities, yet no one is caught or reprimanded, except occasionally.

As a result, shopkeepers and citizens have taken the law into their own hands. Sharpshooters guard inventories and storage rooms, residents carry personal weapons and diplomats and politicians do not travel in the city without carloads of bodyguards.

With all the measures that embassies and businesses have devised for security, such as installing blastproof curtains, shutting-off whole streets to traffic and barricading entrances with sandbags and barrels, the pursuit of safety remains an illusion.

Everyone's living nightmare is the terrifying carbomb, which is frequently used as a political instrument or for the settlement of scores. It is not uncommon for gunmen escorting ambulances with carbomb victims to shoot their way through traffic, causing more casualties on the way.

To make light of this predicament the joke is often told that, finding living unbearable here, even roosters and dogs want to emigrate: the roosters, because carbombs now wake people up in the mornings—and the dogs because their protection is no longer needed with so many bodyguards around.

Deteriorating living conditions and repeated warnings by Shiite fundamentalists to Americans to leave Lebanon, have driven the majority of them out of West Beirut or the country.

Of 2,000, roughly 200 of them remain, including diplomats, teachers, journalists, doctors and relief workers. The upsurge in lawlessness has prompted many Westerners to abandon West Beirut and hardly any Arab embassies still operate here.

Ras Beirut, the heart of West Beirut, which in more peaceful times attracted men of letters, artists and bankers, is losing its special standing, just as Alexandria did before it, and Constantinople. Its pluralism of ideas, freedom of expression and model as a disorderly but workable formula for coexistence, are threatened.

"It was the Mecca of liberalism and, as such, was mistrusted in the Arab world," says Professor Ghassan Salameh, who teaches political science at the American University of Beirut. "Now we have become worse than they are (Arabs), so maybe we will accept to be like them," he adds.

Christian Phalangist soldiers use fire extinguishers on *the wreckage after a car bomb explosion outside a* hotel in East Beirut

The American University of Beirut has often been credited with providing Arab nationalists with a forum and accused of breeding terrorists and guerrilla leaders.

"For a writer to be known in the Arab world, it was to be published in Beirut; to be saved in the Arab world was to come to Ras Beirut," he recalls. It was a refuge for political opponents, surrealist painters and non-conformist writers.

Beirut still enjoys the freest Press in the Arab world, a source of embarrassment and resentment for Arab regimes. Ras Beirut, the "Hyde Park of the Middle East," was not only important as a centre for culture and civilisation, but because it provided continuity for major institutions that employed thousands of Lebanese from a mix of religious confessions.

The American University of Beirut (AUB); the national flag-carrier, Middle East Airlines; the leading An Nahar newspaper; the banks, restaurants and hotels, were all institutions that were strong enough to protect anyone working for them. This no longer holds true.

Last year, the president of AUB, Mr Malcolm Kerr, an American, was assassinated outside his office on campus. The vice president of Middle East Airlines, Sami Rababi, a Christian, was kidnapped this month and he is still missing.

To the outside observer, Beirut has become unmistakably "rural." The slaughtering of sheep on sidewalks in Beirut is only one sign of changing times. The Greek Orthodox and Sunni Moslem city dwellers, who once were dominant in this coastal metropolis, are now outnumbered by Shiites and Druze whose numbers swelled in the aftermath of the Israeli invasion in 1982 and a bloody mountain war in 1983.

In a speech marking the February 6 revolt, the South Lebanon and Justice Minister, Nabih Berri suggested that once the Israelis leave many villagers will return to their homes.

"Historically, the trend of migration from rural areas to urban centers has yet to be reversed," says Dr Adnan Iskandar, chairman of the political science department at AUB.

What is happening is that Beirut's sociological landscape is being redrawn.

To many villagers, Ras Beirut was the land where alien languages were spoken, where beautiful women lingered and where they did not fit in with the crowds of intellectuals moving from the Horseshoe cafe to the Express Coffee Shop on Hamra and from the Express to the Dolce Vita by the sea.

"Ras Beirut was the forbidden fruit. Now it has fallen into their hands and they are devouring it. There is no sentiment of identification with it," commented Salameh.

Alienated by a town that is not theirs, Shiites have sought to impose their own sense of belonging through religious fervour and ritual they flaunt with noontime prayers and chadors.

"The Lebanese are not using their religion as a spiritual force which brings them closer to God, or as a force which will help them restore their sense of well-being, or give them some spiritual strength to cope with the malaise around them, but they are using their religion as a means of leverage for political power, and as a form of communal identity," says Dr Samir Khalaf, a leading Lebanese sociologist.

The distinct Islamicisation of West Beirut and the feeling that Christians are no longer desirable or privileged citizens has pushed some 45,000 of them to move to the eastern and ostensibly safer sector since February 1984.

Prejudices

The Lebanese have retreated into their religious sects and their prejudices deluding themselves with a false sense of security. Religion aside, violence has served as a great equaliser in Lebanon, cutting across class differences and socio-economic boundaries.

"In Lebanon you punish who you can, not who you want," notes a cynical observer of the scene.

The danger of going out has virtually paralysed nightlife in Beirut, which was once regarded as a centre of perdition with its bars, bordellos and dancing clubs.

In contrast, health clubs are mushrooming around town and are frequented by a breed of Beirutis still fighting for their health and their sanity and, of course, by those who can afford it.

The Heliopolis Club, a million-dollar project offers squash halls, billiard rooms, aerobics classes, sauna, Jacuzzi and an olympic-size swimming pool.

Despite a few exceptions, the majority of Beirutis stay indoors in what sociologist Khalaf described as a "chronic state of mourning for a lost way of life that may not be recaptured again."

In the meantime, and, in the absence of any visible political solutions, the best residents can hope for are long ceasefires.

Losses rise for Middle East Airlines

Big setback for airline

THE DILAPIDATED state of Beirut Airport dramatises the task ahead of Middle East Airlines, Lebanon's national carrier, as it seeks to fight its way back to profitability after a disastrous 10 years.

The airport clearly bears the scars of war. Buildings are bullet-pitted, several hangars have partly collapsed and the charred wreckage of an aircraft sits beside the main runway.

Nearby, at the headquarters of MEA, executives try to keep the airline running in sometimes desperate circumstances, including the continuing bad security situation in West Beirut on the fringes of which the airport is located.

Salim Salaam, the 62-year-old chairman of MEA, notes that Beirut Airport has been closed for 545 days in the past 10 years, or almost 20 per cent of the time.

After MEA's buoyant period in the early 1970s, foreign businessmen and tourists have simply stopped coming to Lebanon and that traffic will not resume until peace is restored.

The airline's accumulated losses in the past decade total between L£500m to L£600m. MEA this year budgeted for a L£150m loss, but that was at a notional rate of L£8.50 to the U.S. dollar. The continuing slide in the value of the Lebanese pound means the deficit will be significantly higher.

Last year, MEA anticipated a L£50m loss. After the airport's closure for much of the year, losses were in the order of L£250m.

Catastrophe

"The last 10 years have been financially catastrophic," said Mr Salaam, who has spent his working life with the airline. "But we realise this is a national instrument that has to be protected. Luckily we have stuck together and survived."

The national airline and airport are not simply public utilities as they would be in most countries. For many Lebanese they represent a link with the outside world, an escape hatch from war. Closure of the airport has been an unpleasant reflection of turmoil within the country.

MEA's clientele these days underlines Lebanon's increasing isolation from the world of commerce and leisure. The "split" of passengers used to be 80 per cent foreigners and 20 per cent Lebanese. Since 1980, it has been 85 per cent Lebanese and 15 per cent foreigners.

This year, MEA has been averaging passenger loads network-wide of between 40-50 per cent, well below the break-even point of 58-60 per cent.

In the early 1970s, the airline's business was growing at 10-15 per cent per year. After 1975 it shrunk at the rate of 5 per cent a year until 1982-83 when the slide in its fortunes accelerated and passenger loads came down 30-40 per cent.

To keep the airline flying and its creditors at bay, MEA recently negotiated a lease-back arrangement with American Express Bank for two of its three Boeing 747's with an option of the third. This scheme raised $36m in much-needed capital.

There are also plans for a merger with Lebanon's "second airline," Trans-Mediterranean Airways, a private cargo carrier controlled by controversial Lebanese business, Roger Tamraz, chairman of the powerful Intra Investment Company, the major shareholders in MEA.

The Government has approved indeed encouraged, the merger under which shares in a new holding company would be divided 75 per cent to MEA and 25 per cent to TMA, but the MEA board has reservations.

Mr Salaam said there was disagreement about he respective value of the two airlines and what staff rationalisation might take place. There was also a concern about bringing together two sick companies that might cause bigger problems in the long term.

But the MEA chairman indicated that a formal merger was virtually inevitable, saying it would remove a headache from the mind of the Government which would be able to concentrate on MEA, rather than "two ailing people."

"It's in our interests, I think. It's definitely in the interests of all parties, for a merger," he said.

Of Mr Tamraz, a confidant of President Amin Gemayel, Mr Salaam said "he would like a big role, but we think he should have a minimal role." He added that the "ideal situation would be to buy him out totally."

MEA managed to live on its accumulated reserves (about £350m) until 1982, but since then has had to borrow extensively. Its total indebtdness is between L£400m and L£500m. Continuing Government support is necessary for the airline's survival.

Scrapped

Mr Salaam described the Israeli invasion of 1982 as the "turning point," for MEA. Plans for new aircraft and new routes had to be scrapped. These plans have now been revived along with an attempt to make Beirut a regional service centre for Boeing 747s. In 1982-83, MEA built a hangar capable of handling "jumbos." Executives hope that the facilities can be put to use.

There are also plans to extend the airline's routes in the Far East and to South America where there are sizeable Lebanese communities. MEA is also considering new aircraft purchases or possibly leasing arrangements.

There is a need, Mr Salaam said, to revamp MEA's ageing all-Boeing fleet of three "jumbos," eight 707s and nine 720s which had become "fuel-inefficient" and "maintenance inefficient."

The ideal aircraft for MEA now, he said, were 150-170 seaters which would include Boeing 727 and 757, the DC9 and the Airbus 320. Talks were held in January with Boeing representatives about possible new acquisitions.

Mr Salaam, who is a member of one of Lebanon's patrician families, said the airline's plans for expansion were an indication of its determination to keep going.

"It is the baromter of the economy," he said. "Everyone looks at Lebanon and judges it, in part, on the health of MEA. As long as the airline is kicking and operating, then they have hope."

MEA is the largest private employer in Lebanon with a staff of 4,900, none of whom were laid off during the crisis, although all staff members above a minimum salary were obliged to take a pay-cut of up to 50 per cent for the extended periods when Beirut Airport was closed.

Mr Salaam estimates that 20,000-30,000 families directly and inderectly live off MEA, including tax drivers and food vendors. It has an insurance scheme benefiting 20,000.

Mr Salaam said that, at times, such as when members of staff are kidnapped "you despair a little," but "you can't afford really to be despairing, otherwise you would have to close the airline."

ANTHONY WALKER

Reconstruction: the cost of putting Lebanon back together.

The bill could be $33bn

RECONSTRUCTION is an inadequate word to describe Lebanon's material needs after 10 years of war. Along Beirut's "Green Line," the confrontation zone between the city's mainly Moslem West and Christian East, buildings have been shattered by artillery shells, mortars, rockets and thousands of rounds of small-arms' fire.

In Beirut's dock area, and inland towards the Damascus road, lies a trail of destruction that recalls pictures of Dresden after the saturation bombing of World War Two.

BY Anthony Walker

The civil war, the battle between the Palestinians and Israelis, fierce fighting in the Chouf mountains between Christians and Druze, and Israel's occupation of South Lebanon have destroyed, according to some estimates, more than 20 per cent of Lebanon's infrastructure.

The Council for Development and Reconstruction, CDR, the body established in 1977 to oversee attempts at Lebanon's rehabilitation, estimates the total cost of putting the country back together at $33bn, but officials admit the massive sum is a "ballpark" figure.

"The figure is the result of best assessments," said Dr Edouard Debbas, vice-chairman of CDR and director of the projects department. "People with often incomplete information are trying to arrive at the cost of various sectors that need reconstruction."

Ravaged

Dr Debbas says that reconstruction needs cover the "whole gamut" of Lebanon's infrastructure — from roads ripped up by the steel tracks of tanks and potholed by artillery shells and mortars . . . to water and sewage facilities which have fallen into disrepair because of lack of maintenance, or through the ravages of war.

Officials say that Lebanon has effectively lost 20 years because of the decade of strife. They point out that not only was there mass destruction in almost every sector, the country ceased totally to improve and maintain existing facilities.

Dr Debbas said that reconstruction efforts were going forward in "progressive, planned, prioritised stages" in an attempt to ensure that work done now is within an eventual master-plan for the country's rehabilitation. One of the problems was to take account of the huge demographic movements in Lebanon that are one of the consequences of the war.

Thus, it doesn't make sense, Dr Debbas said, to replace a four-inch pipe with a four-inch pipe when population changes mean you need an eight-inch pipe.

This year's CDR budget, recently approved by Lebanon's Council of Ministers, reflects reconstruction priorities. Housing receives the biggest allocation of L£1bn, roads get L£800m and schools L£285m.

In all, some 1,200 schools throughout Lebanon were either destroyed or damaged in the fighting. About 700 have been repaired and reopened.

The CDR has attempted to spread funds evenly between various parts of the country to avoid charges of communal bias. Fifteen per cent of the budget of L£4.03bn will go to the north, the same amount to the south, 13 per cent to the Bekaa in the east, 25 per cent for Mount Lebanon and about 20 per cent to Beirut itself.

Attention is being given to reconstructing Beirut port in a L£100m project to upgrade container facilities, and repair cold storage and maintenance equipment badly damaged by war.

Estimates

Another priority is Beirut's telecommunications system which remains in a state of partial collapse, particularly on the west side. Some L£11m is being spent on rehabilitation work, including the installation of new switching equipment and lines to meet what is described as a "very heavy demand." Applicants for telephones have been waiting, in some cases, two to three years.

Attention is also being given to the needs of industry, but money allocated is inedquate. L£200m has been made available in the latest budget, the same amount as last year. Industry representatives estimate the replacement cost of damage to plant and equipment in the industrial sector at between L£15bn to L£20bn.

Dr Debabs said allocation of a maximum L£4m to businesses in need of compensation prevented "quite a few" factory closures last year.

A dilemma for the CDR has been whether to proceed with reconstruction, even though security remains tenuous in many areas.

In the event, the council has gone ahead at the risk of fresh destruction because there was little point in making "paper plans" and not following them through, said one official. "He decided to take a chance," he said, "and hope the amount of re-work will be minimal."

To help transform "paper plans" into reality, Lebanon needs massive outside assistance from the West and from the Arab world, but because of the continuing bad security situation, few countries are coming forward.

Lebanon has been unlucky because the downturn in economic activity in the Gulf and the cost to Gulf states of the Iran-Iraq war has squeezed a prime potential source of funds.

At the 10th Arab Summit Conference in Tunis in 1979, US$2bn was pledged, but less than 25 per cent has been forthcoming.

According to CDR figures (provided in a report to the Council of Ministers, early this year), since 1977, Lebanon has been promised $3.135bn in grants and has concluded $782.6m under financial protocols and from regional and international lending agencies. Of these amounts, only $1,207bn (or 38.5 per cent) has been received and disbursed.

Dr Debbas said simply that Lebanon "needs help in a massive way" and "all types of help that we can get our hands on is welcome." Hussein Khanan, newly-appointed Deputy-Governor at the Central Bank, said what was needed was a "marshall plan" to assist Lebanese reconstruction.

But these calls, as was made clear by a senior Western diplomat in Beirut, will lack credibility until security is restored and genuine progress made towards the establishment of a stable political system.

The CDR report estimated Lebanon's external financing requirements for reconstruction into the mid-1990s at about $10bn or between $1bn and $1.2bn a year.

Mr Rashid Karami, the Prime Minister, claimed after a visit to Saudi Arabia, last July, that he had received undertakings of increased Saudi assistance. But apart from help in clearing rubble from the streets of Beirut through Oger Liban, the company controlled by Rafik Hariri, the Lebanese businessman, little additional Saudi assistance has been publicised in the wake of Mr Karami's Riyadh talks.

Other schemes have been put forward to fund rehabilitation work. In a paper by Dr Selim Hoss, a former Prime Minister and now Education Minister, to a special conference held in Lausanne last September to discuss Lebanon's reconstruction, it was proposed that a special merchant bank be formed to assist industry.

Dr Hoss said the bank would need between L£4 to L£5bn of which one-quarter would be supplied by the Government with the rest coming from what he called "very soft loans from official sources in friendly countries."

Judging by the lack of recent response to Lebanon's appeals for help, it is not certain that "friendly countries" were listening.

A young Lebanese girl stands in front of shattered buildings on the Green Line. Scores of Beirut's buildings have been totally destroyed in 10 years of continuous war

Reconstruction finance

	$m
(a) Grants:	
1 Arab aid (Tunis pledge)	*2,000
2 Aid	†289
3 UN Development Programme	20
4 Holland	1
5 Australia	4
6 EEC	39
Total pledged	2,353
(b) Financial protocols (government-to-government loans):	
1 First French Protocol	21
2 Second French Protocol	124
3 EEC protocol	131
4 Italian protocol	‡130
5 Hungarian protocol	25
6 Czech protocol	20
7 West German loan	6
Total	462
(c) Loans from international and regional lending institutions:	
1 World Bank	89.6
2 Arab Fund	29
3 Abu Dhabi Fund	17
4 Islamic Bank	10
Total	145.6
(d) Commercial loans:	
Total of commercial loans concluded	175
Total of finance	3,136

* Of which $417m paid. † Of which $159m received. ‡ Of which $30m is for arms.

Source: Council for Development and Reconstruction.

Damage to buildings and agriculture in South Lebanon could cost $12bn, claims Moslem leader

Upheaval in the South

NABIH BERRI, the Shiite Moslem leader and Minister for South Lebanon, paints a bleak picture of conditions in the south, under Israeli occupation. Widespread destruction has been caused, communities have been uprooted and the economy is in ruins, he claims.

"I do not think I can describe everything," he says. "It would take three to four hours . . . . there is no village or town in the South that is without damage, and many places have been completely destroyed."

Hussein Khanan, immediate past chairman of the Council of the South and now Deputy Governor of Lebanon's Central Bank, claims that $12bn worth of damage has been done to buildings and agriculture in South Lebanon.

Agricultural output had dropped by more than 80 per cent. Citrus production (the main crop) is down 85 per cent. Oranges are being left to rot on the trees because Israelis made it difficult to export and supplied the market with cheaper produce. Fishing, a traditional industry in South Lebanon, is down 50 per cent, he adds.

Both Mr Berri and Mr Khanan allege that Israel sent its own agricultural produce through South Lebanon for export to circumvent the ban in the Arab world on imports of Israeli products.

Compensation

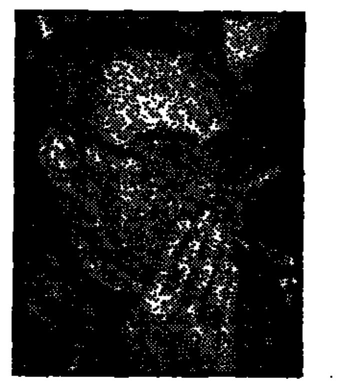
Mr Khanan says that in the past three to four years the Council of the South has paid compensation of about L£330m but this is only a fraction of that required. He estimates that in the period between the 1975 civil war and the Israeli invasion in 1982, about 10 per cent of total damage was caused. Ninety per cent of destruction has come since Israel's June, 1982 occupation, he says.

A massive population shift followed the Israeli occupation. Since 1982, more than 200,000 South Lebanese have left out of an estimated pre-invasion population of 1m, either for other countries or for the festering southern suburbs of Beirut, according to figures supplied by the Council of the South.

Many of those who left are professionally and technically skilled. According to estimates, more than half the doctors, engineers and lawyers of South Lebanon have departed.

Mr Khanan claims credit on behalf of the Council of the South for the fact that South Lebanese farmers have resisted giving up their land.

"We learned from the Palestinians," he says. "By leaving their land, they lost their case in 1948. We do not want to leave our land to prevent that happening."



Brig Mohammed Al-Haj, Lebanon's chief negotiator at the Israeli troop withdrawal talks, in pensive mood

Mr Khanan expresses confidence that if Israel is to withdraw, conditions in the South will quickly return to normal.

"The minute you give him his peace and stability, the minute he will start producing," he says of South Lebanon's mostly Shiite Moslem population.

Mr Beri alleges that Israel would "try to make trouble" in South Lebanon before the first stage of its pullout on February 18. "They have an interest in creating trouble between communal groups," he adds. "Because it will be an obstacle to the resistance."

He predicts that as long as Israeli troops remain in Lebanon, resistance would continue and warns that his political movement, AMAL, would look to outside assistance if Israel did not keep to its timetable for a three-stage withdrawal in six to nine months.

"If the Israelis don't leave, don't blame me if I turn to others for assistance, including the Russians and the Palestinians," he warns, "because I would no longer have an excuse to say no.

"I would be a traitor to refuse such help . . . it is better for the Israelis, and for the world, for them to leave. If they don't, they will destroy everything."

ANTHONY WALKER

Lebanese industry fights for recovery

Sector's remarkable resilience

NEEMA N. EMAD, president and general manager of Huilleries et Savonneries Naief Emad SAL, manufacturers of edible oils, is one of hundreds of Lebanese industrialists hanging on in the hope that order is restored and normal business can resume.

In the 10 years of conflict, Mr Emad has seen his modest business — at the peak of operation in 1974, the year before the war began, it employed 170 workers — slide from making respectable profits to the point where it is operating at a loss with a much-reduced workforce in what can only be described as a crazy business environment.

Mr Emad's business has been buffeted by almost every conceivable misfortune. Domestic and international markets have been disrupted, raw material supplies have been held up, dues paid on imported feedstock to those operating Lebanon's illegal ports have gone through the roof, counterfeit and inferior product has been sold under the Emad label and a key hydrogenation process in the factory has been abandoned because of the danger of shelling.

"Things are not getting better, they're getting worse," said Mr Emad in his factory's offices, north of Beirut near the port of Jounieh. "Nobody now still has the confidence to invest fresh money. The main thing is to keep healthy until you can start again."

Mr Emad and his brother, a Lebanese from Egypt, know something about "starting again." The large family business at Tanta in the Nile Delta, which employed 1,500 and manufactured edible fats and oil and byproducts such as soap, pharmaceuticals and oil for paint, was nationalised in 1961 in the Nasser period.

"We had to quit," said Mr Emad, "because the meaning of nationalisation is 'you step out and they come in.'"

An omen

The brothers re-established in Lebanon in the mid-1960s and inaugurated their present business the day the 1967 Arab-Israeli war broke out.

This may have been an omen. In the 18 years since, the Emads have had to live with almost perpetual conflict, either at home or in markets nearby.

Across Beirut on the fringes of the mainly Moslem western sector, the Saab family, Druze from Choueifat in the hills overlooking the airport, face similar problems to those of the Emads, although their story is more dramatic.

Their paint factory was almost totally destroyed by shelling on February 6 1984. Inflammable materials for paint manufacture and the paint itself caught fire and the building was twisted and gutted in the intense heat.

According to Zia Chaker Saab, the deputy managing director, 100 per cent of the machinery and equipment was destroyed, 80 per cent of the buildings and 60-70 per cent of stock.

Six weeks later the paint factory was partialy rebuilt and back in operation, testimony to the resilience of Lebanese businessmen.

"It was a miracle to have started production after six weeks, nobody could believe it," said Mr Saab. "But we had to do it because we had orders from overseas clients we'd had for 20 years. We were worried they would go elsewhere."

While the Saab's "Tinol" paint business, a partnership between three brothers, has made profits even during the worst conflict, its activities are much reduced by the war.

In 1974, before the fighting started, it produced 400,000 tonnes of paint. Last year, production was down to 200,000 tonnes.

These days, the business is fighting to stay afloat and maintain exports to help pay the foreign exchange costs of imported raw materials. Nearly 100 per cent of materials used in the manufacture of paint at the Tinol factory are imported. Supplies are uncertain and expensive because of exorbitant dues paid to operators of "illegal ports" which flourish under the eyes of the Government.

Dr Fuad Abu Saleh, president of the 1,200-member Industrialists' Association of Lebanon, said economic problems "have become so distressing that industry is much more feeling the effects of instability these days."

Dr Saleh said industry had lost 25 per cent of its productive capacity because of war damage to factories, some of which had been totally destroyed. But even worse was the fact that much of industry was idle. He estimated that it was operating at only about 25 per cent of pre-war capacity.

"People have grown tired and less willing to be aggressive," he said.

Dr Saleh estimated replacement value of damaged industrial buildings, plant and equipment at $1.5bn. Six hundred to seven hundred industries had gone out of business, and those that stayed afloat were doing so mostly on borrowed funds and personal capital.

Numbers employed in manufacturing industry had shrunk from 135,000 in 1974 to about 50,000 today out of a total workforce of 500,000-600,000.

The 10 years of turmoil has been a disaster for exports of industrial goods. Between 1960-1974, exports were increasing 30-35 per cent annually. In 1975 industrial exports were worth £1.5bn (about $500m at the-then rate of exchange).

In 1984, exports were £3bn (about $300m at the rate of exchange applying at the end of last year). Dr Saleh said the war had cost industry hundreds of billions of pounds in physical damage and lost exports. It was impossible to calculate the extent of the loss.

The recent slide in the value of the Lebanese pound has unnerved many businessmen as much as the lack of security.

Mr Emad described it as the "third calamity" to have befallen his family after the sequestration of its business in Egypt and the war.

"If the proverb says try, try, try again I wonder how many times you can try again," he said.

Mr Saab said it was almost impossible for manufacturers to keep up with prices because of the run on the pound. His company last issued a price list in October when the exchange rate was L£7.25 to the U.S. dollar. (In the first week of February the pound dropped at one stage more than 100 per cent against the dollar to L£15 to the dollar.)

Industrialists are highly critical of Lebanon's administration over its lack of progress in political reform and its failure to control the security situation.

There is also criticism over its priorities — "The Government could have rechannelled part of the $1bn it spent on arms in the past year to industry, instead of buying arms to destroy industry," commented one disaffected businessman.

ANTHONY WALKER

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Tuesday February 19 1985

New strains in Poland

THE POLISH cat-and-mouse game has started up again. Last week the "cat," in the shape of the Polish police, pounced on a Gdansk meeting of leading "mice" in the Solidarity movement discussing plans to hold a protest strike later this month. Three of the Solidarity group are being held on charges of planning to provoke disorder, while Mr Lech Walesa, the banned trade union's president, has been warned that he, too, will be arrested if he persists in supporting the strike. He has persisted. So, Mr Walesa is within a whisker of being put back in jail for the first time since he was let out in November 1982.

The immediate issue is food prices. These are due to rise sharply next month, and Solidarity wants to protest with a symbolic 15-minute strike on February 28. It was not a battleground on which the Government seemed to want to fight when last month it gingerly presented various price options for public comment.

Nor was it clear, at the outset, that Solidarity would gain from taking a stand against food price rises. Many Poles reluctantly accept the argument of the Government, and indeed of the International Monetary Fund which Poland looks set to join later this year, that only higher prices can bring supply and demand into better balance and possibly end rationing. Solidarity calls for symbolic strikes, too, which have sometimes got a very patchy response in recent years.

Confrontation

Now, however, both sides seem locked again in a confrontation from which neither will readily back down. In truth, there are wider reasons why the almost endemic conflict between the government and Solidarity should be renewed directly now.

For the past four months, from the kidnap of Father Popieluszko, the pro-Solidarity priest, last October to the conviction of his police murderers this month, government and opposition have focused their attention wholly on that extraordinary crime. With the end of the trial, however, Solidarity activists are once more trying to define their role and test their political room for manoeuvre, left vague when they were granted an amnesty last summer. In doing so, the Solidarity leaders at large do not want to be outflanked by those few of their number still underground, like Mr Zbigniew Bujak, who first proposed the February 28 protest.

Equally clearly, the authorities seem to have concluded that the Catholic church is not a target which it can attack too directly for too long. The Popieluszko trial proved a vehicle for government criticism of the pro-Solidarity sympathies of many of Poland's priests.

Cardinal Glemp, the Polish Primate, as he will doubtless show when he arrives in Britain this week for a visit, has stood his ground, and staunchly defended the late Father Popieluszko's activities. Cardinal Glemp is a man with whom the Jarulzelski government still wants and needs a working relationship.

Normalisation

There are other reasons why the Warsaw authorities may want to take on Solidarity itself again. Action against Solidarity activists would help counter the sense of grievance which the Polish security forces are still nursing from the Popieluszko murder convictions. It may also be thought necessary to show—with deeds, not just words—Poland's Eastern allies, Moscow in particular, that the Jarulzelski government has not gone soft on anti communists.

Is the Warsaw government also taking the easing of Western sanctions as a sign that they can now with impunity crush the remnants of Solidarity? Some Solidarity activists believe this. But an equally plausible variation of this is that, with the normalisation of relations with the West, the Government does not want an open opposition to which visiting Western ministers can pay court.

It was his tadks with Solidarity representatives that made last autumn's visit to Warsaw of Mr Malcolm Rifkind, the junior British foreign office minister, so controversial. The same issue helped to scuttle a planned visit by the West German foreign minister, and may bedevil Sir Geoffrey Howe's visit to Warsaw in April. Yet the opposition in Poland is on such a scale that no Western political leader can be expected to ignore it.

Keynesian view of arts subsidies

LONDON is rightly regarded as one of the arts capitals of the world. Few foreigners who visit London's South Bank each summer as a matter of course will be able to understand why the National Theatre's small stage, the Cottesloe, is soon to close. If there is any activity in which Britain still retains a big comparative advantage, they might argue, it must be the arts. How, four years into what the Government describes as a steady economic recovery, can it be necessary so to squeeze the Arts Council's budget that the Nattional is forced to take this drastic step?

Budget cut

Lord Gowrie, the Arts Minister, writing in the Observer, has attempted to explain why a real cut in the budget of the Nattional Theatre (and of other big arts institutions) is necessary. He argues that public spending on the arts cannot be increased by more than the rate of inflation because this would constitute "a damaging and incomprehensible signal to other parts of the economy" and compromise the Government's central objective of holding down the growth of the public sector.

A policy of holding overall public spending constant is quite consistent with increasing spending in real terms in selected areas. Indeed, during its first term the Thatcher Government decided that the case for improving the country's defences was sufficently strong to warrant a steady real increase in the defence budget. It is also important to note that the absolute size of a spending programme is relevant to the question of how fast it can grow: the UK could afford faster growth of the arts budget than, say, the social security budget. The real question is whether it is desirable to spend more on the arts.

By international standards, this and previous governmenus —of all political hues—stand condemned of penny-pinching where the arts are concerned. Per capita central and local government expenditure on the arts in the UK is only about a third the level in West Germany and a quarter of that in France or Sweden. Even in the U.S., where more liberal tax laws encourage much higher personal and corporate patronage per capita, public support is roughly twice as high. The Thatcher Government could argue that the arts have been run down in the UK for far too long and that the present economic recovery makes higher spending easier to finance.

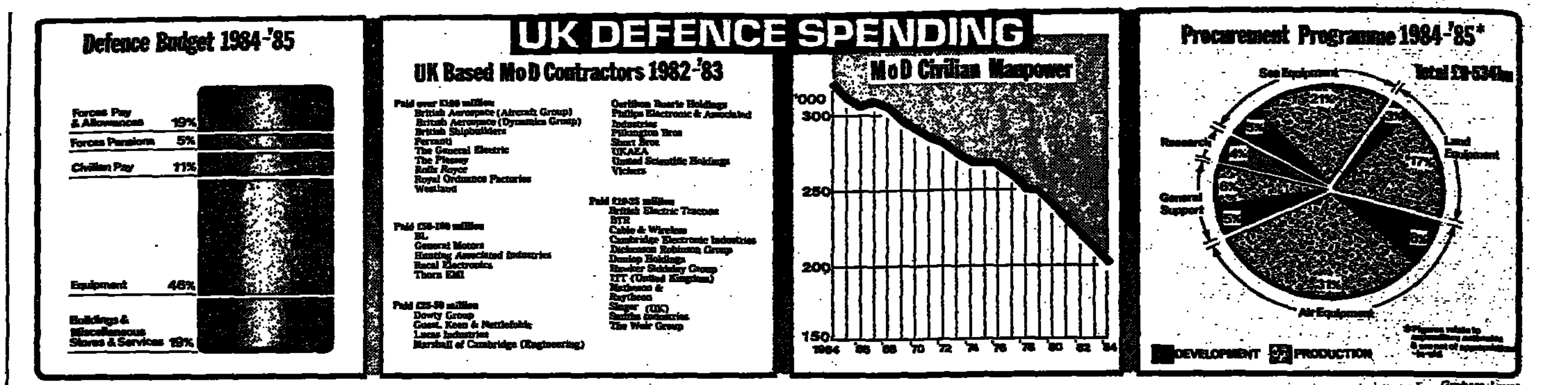
Sir William Rees-Mogg, chairman of the Arts Council, might have used this sort of argument to justify his plea for a 20 per cent increase in his budget in 1985-86 (rather than a mere uprating for inflation). A 20 per cent increase would have enabled him to give more money to the regions, which have been badly served by the Arts Council over several decades, yet still protect the position of the National Theatre and the other jewels in London's artistic crown. However, Sir William prefers to deploy a different and more subtle argument—that higher spending on the arts would save the Exchequer money by reducing the public sector borrowing requirement.

Where the arts are concerned Sir William is a self-confessed Keynesian. He points out that £100m spent by the Arts Council supports arts activity worth £250m which would not otherwise take place. Of this total spending, £100m represents box office takings from which the value-added tax haul is £15m. A further £60m return to the Exchequer in income tax receipts reflecting the labour-intensive nature of the industry.

Total savings

Finally, since it is safe to assume that those employed as a result of the public spending would not otherwise have jobs, £50m in unemployment benefit is also saved. The initial £100m subsidy thus results in total savings of £125m and the net effect is to reduce the PSBR by £25m.

Sir William admits it is questionable whether the whole of the Arts Council grant serves to reduce the PSBR. However, he maintains, it is certainly true at the margin: an extra £10m of expenditure, sufficient to settle the financial worries of the National and many other threatened institutions, would be self-financing. The Government has so far failed either to take Sir William's economics seriously or to accept that its policy on arts support is out of line with international practice.



Graham Laver

Industry in a cold climate

By Bridget Bloom, Defence Correspondent

A CHILL wind is cooling the once cosy relationship between the Ministry of Defence and Britain's defence industries, thanks to the Government's decision to put a brake on defence spending and toughen the terms of defence contracting.

Few of the 10,000 British companies reckoned to be working at any one time on an annual £8bn-worth of defence contracts are unaffected, although most find it hard, as yet, to predict what the precise effects will be. But some, more far-seeing, believe what is happening now could bring quite fundamental changes to the structure of Britain's post-war defence industries.

The problems currently facing Westland starkly illustrate the pressures at work. Westland—like several other defence companies including British Aerospace Dynamics, Marconi Underwater Systems and British Shipbuilders Warship yards—depends on the Defence Ministry for well over 80 per cent of its business. When the MoD sneezes, companies like these can catch 'flu.

Westland is currently trying to sell a military version of its Westland 30 to the RAF to plug a gap in its production lines between 1986, when orders for its 1970 generation of aircraft tail off sharply, and 1989 when it begins manufacturing a new generation of air helicopter known as the EH 101. The RAF has need of a transport helicopter like the W30 and in the old days Westland—Britain's only helicopter maker — could have expected to get the contract automatically.

Today, things are different. Pressures on the defence budget, together with the Government's commitment to competition, have led to new policies at the MoD.

Mr Michael Heseltine, the Defence Secretary, has applied his new policies of toughening defence contracting terms to the Westland case, by asking for competitive proposals from foreign rivals of the British company. (Silorski is offering its Black Hawk, for example, through Shorts of Belfast). Even worse, from the company's viewpoint, Mr Heseltine is also studying another option, which is to make the RAF wait for a few more years until helicopter makers in Europe can get together to build a joint new aircraft.

Westland will probably not learn until the summer whether it will get the necessary orders. Some compromise could be patched up—just as it has been, for example, for the Cammell Laird yard of British Shipbuilders, which has been saved from closure by an order for a new frigate.

The reasons for Mr Heseltine's policy are obvious, if disputed. The Government has taken a conscious political decision to reduce defence spending in real terms after 1985-86. To husband resources under this new regime, Mr Heseltine has been introducing a series of measures ranging from more competitive defence contracting to an acceleration in the cuts in civil service numbers and severe pruning of the support institutions of the armed services.

More recently, the Defence Secretary has begun seriously to insist that every major project should be scrutinised to see whether it can be collaboratively manufactured, preferably with one or more of Britain's European Nato allies.

He has been a prime mover in recent efforts to increase European defence collaboration. He reasons that European defence industries will only be able to compete with their American counterparts and European governments will only be able to afford the costly weapons of the future from their own industries, if they achieve the economies of scale which are held to flow from joint research, development and production.

On collaboration generally, industry and Mr Heseltine appear to hold opposing views. Industry's current cry is that collaboration should be the result of "market pull, not political push." Mr Heseltine feels that too little will happen unless politicians take the initiative.

The catalyst for industry's fears and uncertainties about the future is the Government's plans for defence spending. It has been clear for more than a year that spending would be curbed. The question is still: by how much? Last month's public expenditure White Paper for example showed cash budgets of £18.05bn, £18.56bn, and £18.87bn for 1985-86, 1986-1987, and 1987-88.

The Treasury declared this meant in real terms an increase next year of 0.2 per cent, and thereafter a decline of 1.1 per cent and 1.6 per cent. The MoD however insists that (adjusting for the Falklands and an underspend of £251m carried over from last year) next year's real rise will be 2.8 per cent, though it acknowledges growth stops thereafter.

Mr Heseltine maintains that after the very substantial growth of the past few years (22 per cent in real terms since 1979 including the Falklands, or 14 per cent without it), the overall sums available remain high enough to afford major equipment programmes. He contends — in something of an about-turn from the way his predecessors have looked at the matter — that there is much more flexibility in the defence budget than meets the eye, arguing that until Ministers actually authorise a project, funds remain uncommitted to it.

Industrialists, in company with many MPs, academics and other defence experts, are sceptical about the Government's financial projections. They do not, for example, believe that the posited 3½ per cent inflation rate for 1987-88 will prove realistic; neither are they happy with planning assumptions of a $1.38 exchange rate for the pound.

Outside the MoD there now seems virtual unanimity that all this will mean a distinct squeeze on defence spending which will become particularly acute during the six or seven years after 1987, when the escalating costs of the Trident nuclear system peaks at the same time as other programmes designed to enhance Britain's conventional strength (described below).

Earlier this month Field Marshal Sir Edwin Bramall, the Chief of Defence Staff, told the Commons Defence Committee during its revealing and continuing enquiry into defence spending that he would "much prefer" that any cuts should be achieved through "salami slicing" rather than through the sort of surgery which produced the 1981 defence review.

A straw poll of industrialists suggest they expect such "salami slicing" and that as a result they believe there will be widespread delays in decision-making and contract signing, with many projects being "pushed to the right" over the next few years, if not actually cancelled.

In general, it is bound to be the companies which depend most heavily on the MoD which can expect to find it hardest to withstand the new climate of fewer orders, greater competition and more pressure to collaborate. But even those areas that are likely to be less affected, like electronics, expect to find life tougher in the defence world in future.

As one industrialist put it: "We can say for certain we're at the end of one—rather comfortable—era, even if we don't quite know yet how difficult the next one will be."

WHERE THE PROGRAMMES ARE VULNERABLE

SINCE 1978-79, the Defence Ministry's total spending on equipment—95 per cent of which has gone to British industry—has been more than £34bn.

Of this, the RAF accounted for over £14bn, the Navy nearly £11bn and the army about £8bn.

● The RAF is in the throes of its biggest re-equipment programme since the Korean war. The centrepiece is the Tornado tri-national multi-role combat aircraft, costing the RAF around £9bn for 385 aircraft and involving British Aerospace as prime contractors and more than 200 other British companies as subcontractors.

The aerospace industry's greatest worry is that it should have a follow-on aircraft for production lines emptying on completion of the Tornado at the end of the decade. There seems certain to be a new aircraft, but as the British, French, German, Italian and Spanish industries work their uneasy way through the preliminary feasibility studies for a new European fighter, no one is yet willing to bet what combination of nations will ultimately be involved nor whether the production dates will be as early as British industry would like.

The RAF's budget is already under strain, with fuel cuts imposed late last year. The chief problem is the 11 Nimrod early warning aircraft being built by British Aerospace and fitted with advanced new radar by GEC Avionics. The radar has failed to work properly and as a result Nimrod's costs have risen from the original £247m predicted in 1975 to more than £800m today.

Nimrod is probably too far down the road to be cancelled but intensive negotiations are underway between the company and the MoD over its future financing.

Over the medium term, RAF projects which could be delayed as a result of a spending squeeze include the conversion of an extra three Tri-Star jets to tankers (the first six are being done by Marshalls of Cambridge); improvement to BAe's Harrier jump jets at a programme cost of £1.3bn and an impressive range of new weapons, from BAe Dynamics' anti-ship missile Sea Eagle and the anti-radar missile Alarm, to Hunting Engineering's runway cratering bomb JP233.

● The Army's modernisation programme centres on the new Challenger main battle tank. About 320 to equip five armoured regiments are on order from Royal Ordinance. The remaining six regiments deploy the 30 year old Chieftain, which the army badly wants replaced by the early 1990s.

Despite the need of Challenger manufacturer, Royal Ordinance, for new business as it comes to the final stages of privatisation, future Challenger orders are doubtful. Even more doubtful must be a future main battle tank to replace Challenger.

The army also has on order new combat vehicles for the infantry, known as the MCV 80. GKN Sankey developed the vehicle and has the first order of 250, but the Alvis division of United Scientific Holdings, Vickers plc and Royal Ordnance have all, under the new competition policy, tendered for follow-on orders of about 750. The decision on this looks like being delayed, at least until later this year.

● The Navy's contraction from its present strength of 50 frigates and destroyers to some 42 ships was the most dramatic aim of the Nott review of 1981. Evidence recently presented to the Commons Defence Committee on the rate of warship ordering suggests that the Nott target will now be reached before 1990.

No more Type 42 destroyers are being ordered, while orders for the last two of the £140m Type 22 frigates have just been placed with Cammell Laird and Swan Hunter. Ark Royal, now on sea trials, will be the last carrier and doubt remains over replacements for the two amphibious landing ships, Fearless and Intrepid. There is also doubt over how many of the new £110m Type 23 frigates will be ordered, and when. Only the first of this class has been ordered so far.

Similar contraction is not planned for Britain's underwater fleet, although the construction of four Trident submarines over the next decade or so seems certain to delay further nuclear-powered submarines.

Several longer-term plans of the Navy could be delayed. These range from new fleet support vessels, costing as much as £200m each, to a new patrol boat for which initial ideas have been sought from industry (including weapons manufacturers) as well as a programme to improve the Navy's mine warfare capability. Further development of the £1bn torpedo programme by Marconi underwater systems could also be at risk.

Men and Matters

Too much for Schueppert

It sounds incredible, but one of the reasons why Clancy Schueppert, the 48-year-old American who has made such a success of the Sheerness Steel Company during his 14 years as chairman and managing director, is leaving, is that his salary has become embarrassingly high.

Schueppert, who made Sheerness one of the most successful mini-mills in Europe, has been paid American rates since being shipped to Britain in the early 1970s by the Canadian owners Co-Steel.

He has become used to being ribbed that, at times during his career, he has been picking up a fatter pay packet for turning out 500,000 tonnes of steel a year than the chairman of British Steel who is responsible for more than 10m tonnes a year.

But Schueppert has delivered the goods turning in profits (most of the time) culminating with a £1m profit last year. While BSC's record has been altogether less enviable.

"The cabin staff, the captain, the chief accountant and the chairman would liek to thank you for flying British Caledonian"

Nevertheless Schueppert says frankly that his salary at American rates (he will not disclose it) has become "too high" to fit his company's pay structure at Sheerness. He was faced, he says with reconciling himself to a lower Sterling salary or moving on.

As he has spent 21 years with Co-Steel he has chosen to try something fresh. After a skiing holiday and winding-down at Sheerness he has plans to start his own business. But it will not be in steel. He has ideas for an enterprise based upon ceramics and synthetics to provide materials for the construction and automobile industries.

The private sector of the British Steel industry is losing one of its brightest managers—although Schueppert demonstrated his displeasure towards ingrained attitudes in the business four years ago by taking Sheerness out of the British Independent Steel Producers Association. He has not rejoined.

Way forward

With a sluggish flow of advertising revenue over the past four months, ITV barons are being forced to think about the unthinkable — the need for economies.

But David Plowright, managing director of Granada Television and chairman of the Independent Television Companies Association, is setting a more positive example by looking at new ways of boosting earnings.

Plowright is considering opening the Granada studios to paying visitors to add to Manchester's tourist attractions. The main moneyspinner, he hopes, will be the set of the long-running Coronation Street. He is dreaming about Coronation Street teas and postcards posted in the Street's own pillar box.

He is even toying with the idea of a Coronation Street drama competition for Women's Institutes. Granada could hire out a video view to enable WI drama groups to make their own episodes, and award prizes to the most successful.

Steel appeal

Blacksmiths of the 12th Century knew how to make incredibly strong "Damascus" steels, highly prized for sword blades, and characterised by delicate patterns.

It was the stuff of such legends as Sir Walter Scott's story of the meeting between Richard Lionheart and Saladin, the Saracen king, where Richard used his sword to cleave a steel mace, and Saladin his scimitar to split a veil in mid-air.

In California modern smiths have been trying to rediscover the lost art in the belief that Damascus steels may have a marriage of properties that no modern steel can match.

Professor Olag Sherby of Stanford University, and Dr Jeffrey Wadsworth, an expert in superplastic alloys with the nearby Lockheed Palo Alto research laboratory, tell how they have done it in Scientific American this month.

They knew all the stories of centuries of frustration trying to rediscover the lost art; of attempts that made metal which simply crumbled when struck. They eschewed much advice from medieval records such as plunging the hot steel into the urine of a red-headed boy, or that of a three-year-old goat fed only ferns for three days.

But eventually they succeeded by applying modern metallurgical methods to the key problem of how to distribute an unusually large amount of carbon uniformly through the iron. They obtained not only a super steel but the authentic Damascus pattern.

The Californians have now gone one better than the ancients. They have discovered how to make an even more interesting steel which can be extruded like toothpaste into complex shapes such as gears, yet which toughens into a super steel when fully heat-treated.

Guys and dolls

Watch out guys, there is a new generation of girls preparing to take your place in the boardroom. You have about 12 years grace before the onslaught. But it is coming.

These young ladies are growing up with female role models of business success. As six-year-olds, they will yearn, not for the glamour of glittery evening dresses and the walk down the aisle, but for business wealth and status.

"Barbie," the leggy doll that little girls love to dress, is changing her image. She has traded her pink Corvette for a BMW, and is on her way up the corporate ladder.

The new-look Barbie will wear her blonde hair in a business-like bun, dress in a range of business suits, have her own personal computer and carry a briefcase containing a miniature copy of the Wall Street Journal. (I assume that reflects the American background of California manufacturer, Mattel).

While it is difficult to predict what influence Barbie will have on the up-and-coming generation of female achievers, it is worth noting that her male companion, Ken, has so far shown no interest in the business world.

Race relations

"Black and whites should live together like one big family," proclaims a Birmingham poster. Below it, someone has added: "No, no, they should live in peace."

Observer

Letters to the Editor

Buttress the trading system

From Mr Edmund Dell

Sir,—It seems we may be about to have a further round of multilateral trade negotiations. If we do, it is important that they be successful. Success in this case does not mean pushing forward the boundaries of free trade. In the present climate such an objective would be unrealistic. Rather the objective should be to buttress the present open trading system against collapse. Such a limited objective may disappoint some economists. But they will have to accept that the negotiations are not likely to be much informed by their arguments.

Three recent articles illustrate the dilemmas in the modern world of those attempting to find persuasive economic arguments for free trade. Samuel Brittan says (February 14): "A country that uses world markets to the full will normally have a higher national income than one that aims for any given degree of self-sufficiency." Tell that to the Japanese. The part of the world market which they use to the full is that part outside Japan. Their home market is a zone of self-sufficiency to a high degree. Nor does their national income seem to have suffered much from it. Bill Brock in his speech in Tokyo (February 13) did not bother to argue the advantages of free trade. Instead he mustered the usual catalogue of threats as to what would happen to its external trade if Japan did not open up. So did Robert Strauss before him. So did I before Robert Strauss. As none of us could deliver on our threats, nothing much has happened. At any rate none of us wasted our time trying to persuade the Japanese of the advantages to their economic performance of opening their domestic market to our exports.

Mr Brittan writes that "the strongest argument for free trade is the basic one that the consumer should make his or her own decisions on whether to buy home or imported products; and that (for a given level of capital flows) there is usually an exchange rate at which sufficient exports can be sold to pay for the imports." Yet the day before you published an editorial: "Dollar threat to free trade." Apparently the exchange rate of the strongest and richest economy in the world, supported by large capital inflows, is not performing the role which Mr Brittan assigns to it. At the present dollar exchange rate, American consumers are having a marvellous bonanza choosing imports from all nations. This, according to your editorial, is a threat to free trade. You are, of course, right. It is a danger. Rumours abound of possible American action. Governments do give higher priority to the needs of their producers than of their consumers and it is easy to see why.

Mr Brittan tells us (and so does Prof Silberston) that in return for dismantling the multi-fibre arrangement, we should ask South Korea and Taiwan to eleminate the controls, high tariffs and restrictions which they maintain on their own textile imports. But if dismantling the multi-fibre arrangement is as advantageous to Europe and the U.S. as Prof Silberston and Mr Brittan argue, we should act unilaterally. Why should Taiwan and South Korea give us any *quid pro quo* for doing ourselves some good? They obviously value their restrictions and, as two of the best performers in the developing world, who are we to tell them they are wrong? Of course Europe and the U.S. will not act unilaterally, because governments will not really believe calculations such as Prof Silberston's, and because we all know that trade negotiations are about reciprocity, that is an exchange of reciprocal concessions, not about unilateral gestures or 19th-century liberalism. But we should be careful. If we insist on telling the world how beneficial the unilateral abandonment of the MFA would be to us, Taiwan and Korea will, quite reasonably, give us nothing in return.

Prof Silberston is more realistic than Mr Brittan. He makes his cautious calculations of the benefits of abandoning the MFA, covers them with an appropriate cloak of scepticism, and then accepts that there will be another MFA when the present one expires. As his forecasts include a level of 4m unemployed from 1987-92, one can understand his caution. He argues that the duration of the new MFA should be "reasonably long—five or six years" because the work of negotiating it will be so complex and "in order to give a further opportunity for the textile and clothing industries of the developed countries to adapt to the changing situation in a period of comparative predictability following a signal that this would be the final period of special protection." That ringing message has, of course, been heard before many times. It will, no doubt, be heard yet again when the next MFA is approaching its end. Yet why not, if these industries can be expected to adapt under conditions of "comparative predictability" rather than of foreign competition?

There are strong arguments for free trade, or for what these days passes as free trade, but they are not the arguments on which Mr Brittan relies. One trouble with Mr Brittan's arguments is that no government actually believes them. Even many economists, such as Prof Silberston, do not seem prepared to go to the stake for them. They may inform the speeches of Ministers. They do not inform their actions. And, in all the circumstances, why should they?

Edmund Dell.
4 Reynolds Close, NW11.

Some absurd contradictions

From the Managing Director, Refuge Assurance

Sir,—Over recent years there has been widespread concern at the perceived unfairness of index-linked public sector pensions, and managers of private sector schemes have tried to make up as much as possible of the erosion of their pensioners' living standards caused through inflation. Most employers have funded towards that goal (not over-funded). It would be deplorable if pensioners had to be told that the Chancellor through taxing the investment returns of pension funds was making it much more difficult for private employers to protect the living standards of their pensioners. If that happens the divide between the funded schemes and the unfunded public sector will be wider than ever.

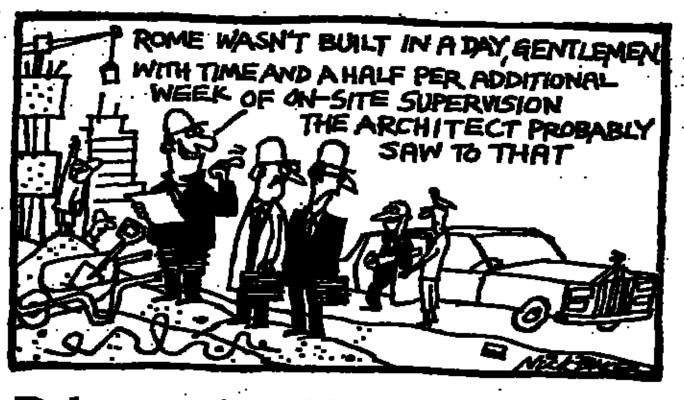
Government Ministers are strongly advocating a slower growth of pay in order to contain unit labour costs and thus create jobs. What an employer could save on payroll costs over the next few years could be swamped by the Chancellor on Budget day if he taxes the returns on pension funds.

Not necessarily, says Government, simply reduce your employees' pension benefits. Simply indeed, if it is no longer dedicated to good sensible industrial relations which means providing a modern remuneration package for staff including the prospect of a decent standard of living in old age.

Another contradiction is Mr Fowler wanting less reliance on State pensions. Is there a coherent policy?

No wonder employers, trade unions and employees (and doubtless their spouses) will go on fighting the Chancellor's threat to the well-established fabric of provision for old age.

V. G. Ramsden,
103, Oxford Street, Manchester.



Delays and architects fees

From Mr L. Littman

Sir,—A novel principle seems to have been established, with the blessing of the Royal Institute of British Architects. It is that where the erection of a building has taken longer than agreed between the architect and the builders, through no fault of the client, the architect is entitled to additional fees, based on the fact that he has supplied services of supervision over a longer period of time than that provided for in the contract.

If no additional work has been agreed in the interim, a building contract can only last longer because the architect has initially misjudged the length of time it would take and has advised his client accordingly, or because the architect has failed to keep the builders to their timetable. It is a most curious thing that architects, with the blessing of their professional association, can now claim extra fees simply for their own misjudgment or inadequacy.

We have seen of late, the extraordinary way in which the Law Society protected one of its members against gross overcharging. It looks as if the RIBA is doing the same thing, or is helpless to interfere, which should be sufficient grounds for the Government to institute an enquiry into the whole position of professional bodies, in relation to the disciplining of their members, and the protection of the public.

L. T. S. Littman,
36, Queen Anne Street, W1.

A saviour for John Stanley

From Mr A. Mann

Sir,—I feel provoked to reply to Peter Riddell's piece of February 13. John Stanley may not suffer fools gladly and, because he is busy, would require quick and efficient reactions to legitimate demands on his civil servants and parliamentary colleagues. He is busy because, apart from his Ministerial job, he takes his constituency seriously — perhaps more seriously than some of those MPs whom Mr Riddell sees fit to quote. John Stanley is a first-class constituency MP and gives individual attention to the many diverse problems presented to him daily. He has given my wife and me unstinted help in overcoming a quite desperate problem which might otherwise have remained. I know of many others whom he has helped. In politics, and in journalism, a particular course of action is dictated by events. John Stanley is a sound man.

A. J. D. Mann.
Victoria House, Golden Green, Nr. Tonbridge, Kent.

Masochism and liberalisation

From Mr M. Taylor

Sir,—Samuel Brittan (February 14) is of course right to argue that the textile and clothing industries "have been given decades to adjust to import competition." We shall doubtless find out over the next decade—how agreeable it is to work within this accommodating timeframe—whether the years have been spent on minimising competitive disadvantage or cultivating detached resignation.

But it is not only the industries that have been given a generation to adjust. The economy as a whole was to have used the time to develop other sources of employment more appropriate, perhaps, to a relatively rich country. It is pure masochism to accept liberalisation which entails inevitable transitional costs—in this case, large job losses in deprived parts of the UK, many in coalfields—before having tackled the institutional constraints (housing, pensions, education) that continue to present such obstacles to orderly structural change.

Mr Brittan touches on this point in his last paragraph, with its ritualistic call for a bonfire of controls, but it deserves far more prominence if we are to avoid a transition of Wagnerian duration and gloom. Very likely "over time, the gain in export jobs would roughly equal the job loss in the textile sector," but lop-sided liberalisation will certainly cause unnecessary hardship, and may even result in the re-imposition of higher levels of protection. In the meantime it is no consolation to see that all planning restraints on the height of ivory towers have been abolished.

Martin Taylor,
89, Dacre Park, SE13.

The Sleipner gas decision

From Mr G. Mackay

Sir,—Ian Hargreaves' article on the Sleipner gas decision (February 13) gives a partial and consequently misleading account of the various arguments involved.

Price was not a serious issue of disagreement. It is true that the current price in dollar terms is very high but there can be few people who expect that price to apply during the 1990s when Sleipner would come onstream. Norway is less interested in maximising revenue from its gas fields than in securing stable employment and offshore work for Norwegian companies. It would be perfectly possible to agree a price for Sleipner gas denominated in sterling, krone or a basket of non-dollar currencies.

Justification for abandoning the deal on the basis of substantial new reserves of UK gas is very difficult to accept. A 15.3 per cent increase is quoted. A detailed analysis of drilling results in 1983 and 1984 could not come up with anywhere near the additional reserves suggested but in any case such an increase could not compensate for the loss of Sleipner gas and there seems little doubt that some imports will be required in the 1990s.

The Energy Secretary's statement does not appear to rule out the possibility of importing Sleipner gas at a lower level than desired by British Gas. That would only be viable if Norway could find a market for the remaining volumes but that is not impossible. Meanwhile, the clear implication is that gas prices in the UK will have to rise substantially to bring supply and demand into balance.

The Department of Energy comes out of the whole affair with little credit. British Gas and the various Norwegian interests have been misled, and we have had two years of conflicting and ill-thought-out statements.

We have alienated the Norwegians, with whom we should be working closely in the North Sea to establish a sound offshore industry which can compete successfully throughout the world. We also need to cooperate closely on oil prices as recent events demonstrate.

The Department of Energy has allowed certain oil companies with gas interests in the Southern North Sea to dictate the framework of domestic gas policy, to the benefit of those companies but the detriment of gas consumers. That may be acceptable in Millbank but it looks very dubious from Inverness.

G. A. Mackay.
Balloon House, Inverness.

Mega-projects and the future

From the Chairman and Chief Executive, Foster Wheeler

Sir,—Indeed the years ahead do appear difficult for engineering contractors as Ian Rodgers article "Lean years for the mega-projects" (February 14) suggests.

British contractors are facing fierce competition for overseas projects; but often cannot match the financing terms being offered by our competition. These include "soft" credit involving concessionary long term loans at low interest rates.

The overseas project board has continued to stress to Government the importance of the aid and trade provision, and of the Export Credits Guarantee Department support to enable the British contracting Industry to seek business on consensus terms.

All however is not gloom and doom. One of the most promising areas is North Sea oil and gas production and processing facilities where we and others are working on major on and offshore projects. The experience gained from overcoming the challenges of this work is being used to develop other potential areas of the world, working in joint venture partnerships in Canada, Norway, China and Russia.

The contracting industry is likened to "gypsies marching from one sector to another," like gypsies we must not be restricted to one area and will grasp the new opportunities arising from the changing needs of society whether they relate to health care, space, underwater mineral extraction or new sources of power. The increased production facilities for the pharmaceutical industry was referred to by Ian Rodger.

Our philosophy of combining long-term relationships with established customers and a spirit of technical expertise and financial innovation for developing nations is absolutely in line with the best traditions of British industry and is helping to continue our strong export earnings contribution to the UK economy. Fortunately, this policy has enabled our skills, staff levels and profits to be maintained during this period of recession and retrenchment for our industry.

D. V. Newbold.
Foster Wheeler House, Station Road, Reading, Berks.

The Nuremburg principle

From Mr S. Brickell

Sir,—May I suggest that the jury's decision in the Ponting case goes even deeper than Godfrey Hodgson recognises (February 16).

This decision will be seen as one of the great landmarks in the history and development of the British unwritten constitution.

At the Nuremburg trials after the second world war numbers of smallfry bureaucrats sought to evade culpability by pleading, "I was merely obeying orders." It was established as a fundamental principle of international law that obedience to orders is no defence against a charge of wrongdoing. The obverse side of this coin is that no person in authority is entitled to rely on the "obedience and loyalty" of servants to commit a felony. In other words, Ministers of the Crown in breach of their trust are not entitled to the trust and loyalty of civil servants.

I believe it highly probable that the Ponting jury in its natural wisdom sought to remind this administration of this profound principle, any departure from which, puts the state on the slippery slope to the sort of tyranny established in Germany in the 1930s.

Stuart Brickell.
Flat 1, 152, Sandgate Road, Folkestone, Kent.

Italy's railways

Going down a new track

By James Buxton in Rome

SUNDAY, January 6 is a day the Italian State Railways will never be allowed to forget. Early that morning Rome suffered a moderate snowfall. With the temperature a little below freezing it was not long before most of the 350 points in the Rome area froze.

Some 14,000 people were at that moment converging on Rome in night trains from north and south. Trains halted 50 to 100 miles from the capital. There they stayed, usually without food and often without water, for the whole day. Eventually, well after dark, they crept into the capital.

Since it snows in Rome only once every 15 years, it is questionable whether it is worth equipping its points with heaters. But no one forgives the Ferrovie dello Stato (FS) for the total lack of information about what went on that day. "I spent two and a-half hours at the station that morning," says Sig Giulio Caporali, a member of the FS board, "and the only public announcement I heard was that mass was about to begin in the station chapel."

There are two reasons for the lack of information. One is that, unlike most European railway systems, Italian Railways are not equipped with an electronic system to tell traffic managers what is happening on the main lines in time. "The only way they can find out is by telephoning up the line," says Sig Caporali. "If the phone is busy, that's just too bad."

The other reason is that like many Italian public servants, Italian railwaymen hardly feel that they have a duty to tell the public what is going on. "The railwaymen don't live in the real world," says an official at the Ministry of Transport, which controls the FS. "They're almost like children playing with trains, moving them from one place to another. Whether there is anyone on them or not hardly matters."

For Sig Claudio Signorile, the Minister of Transport and chairman of the FS, January 6 underlined what has been obvious for a long time: that Italian railways are critically weak, years behind those of other European countries in technology and run on utterly uncommercial lines. There are no high speed trains, no hourly inter-city services, no marketing campaigns to lure back passengers from air or motorway, or to win back lost freight traffic. Instead, the railways get on unobtrusively with the task of moving in considerable safety 400m people a year — mostly the less well-off, and many of them over long distances between north and south.

In order to do anything other than the most rudimentary maintenance, the railways require an Act of parliament, even to change the designs of railwaymen's uniforms. Since most politicians have since the war had an overwhelming preference for building autostrade, the railways have been starved of funds.

The result is that the 16,000 km system, although 54 per cent electrified (as measured on a kilometre basis), has serious bottlenecks and is in general far below the standards of other countries. For instance, the line between Bologna and Verona—the crucial link between West Germany via the Brenner Pass and central and southern Italy—is only single track.

In fact, only the line between Florence and Rome—still being laboriously rebuilt to follow a shorter and faster route—has signalling and point controls that are up to modern standards. "About three-quarters of the traffic goes on about 20 to 25 per cent of the network," says Sig Caporali. "Such modern lines as we have are cheap to operate. Most of our 220,000 strong labour force is employed, however, on lines where there is less traffic but far more manual work—moving points and signals by hand and operating 12,000 level crossings, each of which requires six men for 24-hour coverage. Yet some of these lines see only 20 trains a day.

"A system that was handling 2,000 trains a day in 1950 is now coping with 8,000—yet most of it is unchanged since then," says Sig Signorile. "So if there is any equipment failure all the trains get held up."

The result is that little more than half Italian trains arrive at their destination within five minutes of schedule. More than 10 per cent come in over half an hour late, and the trains are getting slower: it now takes longer (6 hrs 5 minutes) to cover the 632 km from Rome to Milan than at any time since 1953

As for goods traffic, the figures are, if anything, more depressing.

Travelling on railways, however, is extremely cheap. Despite recent increases in fares higher than the rate of inflation, the average second class fare in Italy is only 63 per cent of its equivalent in France, and only 45 per cent of the German tariff.

Not surprisingly, the railways' finances would horrify the most hardened accountant — total current spending by the FS's definition in 1984 was L13,125bn (£6bn). Of this revenue from passengers and freight covered only 20 per cent. All the rest was made up by subventions from the Treasury. Taking into account capital expenditure (funded by the Treasury or with international loans taken out by the Treasury on behalf of the railways) total outgoings in 1984 were L19,288bn—leaving a deficit of L1,798bn, to be funded by the Treasury.

However, the years of neglect, may now be coming to an end. In 1981 Parliament voted L12,500bn to be spent on upgrading the railways. To this was later added L6,400bn to take account of inflation, and this year's budget includes a further L15,900bn—suddenly giving the railways an investment budget of over L34,000bn.

Most of the work under the first two tranches has now gone out to tender and Italy's construction industry and makers of locomotives and rolling stock are gearing up for big contracts. "We are trying to make up for 30 years of very low investment," says Sig Signorile.

Among the long shopping list of projects, which will probably take a decade to complete, are the doubling of the crucial single track stretches, and the building of some new lines—including one in Basilicata in the south, a by-pass near Naples, and a line from Rome to Fiumicino Airport.

Some of the money will go to complete the "Direttissima"—the new high speed railway between Rome and Florence, which will eventually cut the journey time between the two cities from 3½ to 2 hours.

The word "eventually" is important, however. The Direttissima has been stitched together since 1970, as and when money was available. Only 133 km of it is yet in use, though a further 52 km will come into service this year. But work has not even begun yet on a section between Florence and Arezzo (the slowest part of the existing route) and will not be complete before 1989.

Sig Signorile is also piloting through Parliament a Bill to make the railways into a corporation, with its own balance sheet, assets and power to borrow on its own account. The idea is that a degree of commercial discipline and the incentive to make provision for depreciating assets will gradually transform the running of the railways.

But even under the new arrangement the railways would still need a substantial degree of subvention. "The fares will go up," Sig Signorile says, "but only in line with the introduction of new services." He does not envisage any massive shake-out of labour.

His aim is for the railways to become more market-oriented, concentrating on fast inter-city trains, commuter services and freight. (Urban commuter services in Italy, it should be said, are deplorably delapidated.) The many miles of railway lines where excellent rural bus services have cut rail traffic to a trickle—though still the trains run and the level crossings are manned—do not seemed under threat.

But critics, including Professor Aldo Chiancone, of the University of Brescia, question whether the new Bill contains sufficiently tough controls on costs for the new railway management.

In the end the future of the railways comes down to questions of attitude. Can the railwaymen conceive themselves as running a modern service industry? And can the Italian middle class overcome its belief that the railways are an inferior way to travel? Sig Signorile says: "I can't say whether the railways will be able to adapt. But if they don't after we've made all these changes, they won't have any excuses."

FINANCIAL TIMES

Tuesday February 19 1985

Marconi ends Soviet satellite deal after warning

By Peter Marsh in London

BRITAIN'S MARCONI Space Systems ceased discussions with the Soviet Union about using a Soviet rocket as a satellite launch vehicle after warnings that this could jeopardise future military work with the UK Ministry of Defence.

Senior management at Marconi – part of General Electric Company (GEC) – ordered an end to the negotiations after it became clear that a contract with the Soviet Union could place Marconi staff on a ministry blacklist.

Espionage officers in the Soviet Union could, the ministry believed, have exploited any contacts by Marconi's staff with Soviet engineers.

British officials were particularly worried because of work by Marconi in building two new British military satellites, part of the Skynet series due to be launched early next year.

Marconi engineers involved in such sensitive projects could, in theory have been persuaded to reveal details to their Soviet hosts.

Staff of Marconi working on the Soviet project were told that people who visited the Soviet Union to talk about a launch with a Soviet rocket could be barred from ministry work for as long a three years.

This bizarre sequence of events took place last year as part of preparations by Marconi for a bid to build (and possibly launch) satellites for Inmarsat, an international organisation that operates communications links between ships.

Marconi and British Aerospace emerged as the leaders of two international teams of satellite companies vying for the contract, which could be worth as much as $600m over 10 years. The results of the bidding, for up to seven satellites, are due to be announced next week.

After the Soviet Government announced that it would make available its Proton rocket to launch Inmarsat's space vehicles, Marconi and British Aerospace both evaluated technical specifications on the rocket that Moscow made available.

Licensintorg, a Soviet export body in Moscow, also said that teams of up to 40 engineers from Western companies would be permitted to visit the Baikonur cosmodrome in central Asia, the Soviet Union's main launching site for vehicles such as its Salyut space stations and military satellites.

The Soviet authorities said they would launch Inmarsat's spacecraft at a bargain price of about $12m a launch – at least $4m cheaper than the price for a Western launch vehicle.

As a result of the warnings, Marconi subsequently stopped its discussions with the Soviet Union. In its bid to Inmarsat, submitted last April, the company plumped for the U.S. space shuttle and Western Europe's Ariane rocket as the two contenders for launching the satellites.

British Aerospace, the other contender for the contract which is bidding in association with Hughes of the U.S., followed a similar approach.

Marconi's partners in its bid are Ford of the U.S., Aerospatiale of France and MBB, the West German company.

Under the terms of the Inmarsat contract, the successful bidder may be asked both to supply and launch the communications vehicles, leasing them out to the international organisation once they are in orbit.

A senior manager at Marconi in Portsmouth would not discuss details of the Inmarsat contract. The Ministry of Defence said yesterday there was no general rule on preventing visits to the Soviet Union by people in companies who were working on UK military projects. The ministry could not comment on the particular case involving Marconi.

UK defence spending, Page 16

UK union chiefs seek new talks on pit strike

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

LEADERS of Britain's Trades Union Congress (TUC) will today appeal to Mrs Margaret Thatcher, the Prime Minister, to allow talks to restart on the 50-week-old pit dispute on the basis of proposals drawn up by the National Coal Board (NCB) and amended by the mineworkers' union.

The board has rejected these amendments, stressing its right to manage the industry, particularly to close uneconomic pits.

Mrs Thatcher's reply is likely to be negative. She is understood to want a clear end to the dispute, with the principle that uneconomic pits must close explicitly accepted by the union.

One of three amendments made by the NUM to the board proposals was to delete a sentence endorsing the "development of an economically sound industry."

Mrs Thatcher's refusal will not necessarily signal the end to all hopes of fresh negotiations, however. Some mineworkers' union leaders would be prepared to accept the board's wording, while the board might compromise on the other two points at issue.

These focus on the independent element in the colliery review procedure, agreed between the board and the pit supervisors' union Nacods last October.

This agreement specifies that all pits marked by the board for possible closure will be subject to this modified procedure. The board's proposals to the union specify, however, that until the independent element is agreed "existing procedures will apply." The union has deleted this phrase.

Second, the union has rewritten part of the board's proposals that appear to say that all the pits that the board wants to close, apart from those which are exhausted or unsafe, will be closed without reference to either the modified or existing review procedure.

On the first of these points, the board and the Government may be prepared to accept an amendment specifying that all pits will go to the modified procedure if the independent element can be agreed within a relatively short time. If not the existing procedure will apply.

On the second point, the board concedes privately that its wording is obscure and could be redrafted to make clear that all pits would go the review procedure.

The NUM executive meets in London tomorrow to discuss the situation following the TUC meeting with Mrs Thatcher. It will also determine what proposals to put to the national delegate conference called for Thursday.

Miners' leaders said that this conference would have four options:

- Ending the strike with negotiations on the NCB's terms.
- Ending the strike by a return to work without an agreement.
- Calling on the TUC to reconvene a special congress at which a renewed call for industrial support would be made.
- Continuing the strike.

Mr Arthur Scargill, NUM president, said yesterday he had been in a minority on the executive in proposing the amendments to the board. It is understood that Mr Scargill argued for a rejection of almost all the fundamental points in the NCB proposals.

Six European computer groups in standards move to rival IBM

BY JASON CRISP IN LONDON

SIX LEADING European computer companies have agreed to back the development of common applications software in a move to counter the growing standardisation around IBM computers.

The six – ICL, Bull Nixdorf, Olivetti, Philips and Siemens – want to create common standards for applications software based on the Unix operating system developed by American Telephone and Telegraph (AT&T).

At the moment each computer company uses its own operating system for which the applications software has to be specially written. The software will not work on another company's computer.

If successful, it would mean applications software would be able to run on computers made by the different companies. This would reduce the cost of developing programmes. The companies hope it would encourage more third-party software and generally increase the availability of products for their machines.

The move follows the growing backing in Europe for internationally agreed technical standards for computers and communications known as Open Systems Interconnection, which is also supported by AT&T. Again the object is to establish different standards to those set by IBM, which dominates the world computer market.

The six European companies backing UNIX are to develop a common definition which will be published during the year as it is agreed. Although the group has been limited to six the "definition" will not be proprietary. The companies want it to be widely available to other manufacturers, software companies and computer users.

The six said that they were holding detailed discussions with AT&T and other vendors of Unix such as Microsoft, one of the leading U.S. software companies, to "ensure product consistency and active co-operation."

A Bull spokesman described the move as a significant step towards standardisation in the European information technology industry.

More problems for Trilogy, Page 19

Canadian securities reform plan

BY BERNARD SIMON IN TORONTO

THE ONTARIO Securities Commission has proposed relaxing the entry and ownership rules for foreign-controlled securities firms in Canada without undermining Canadian dominance of the securities industry.

In a report published yesterday, the OSC recommended to the provincial government that the limit on individual foreign shareholdings in securities firms be raised from 10 per cent to 30 per cent and that a new restricted category of investment dealer be established for firms with foreign ownership above 30 per cent.

The commission also suggested that the ownership ceiling for other Canadian financial institutions in securities firms be set at 30 per cent.

The OSC report still has to be considered by the Ontario Government whose lead in securities industry regulation is normally followed by Canada's nine other provinces. Securities firms are regulated by provincial authorities. The vast majority of Canada's 100-odd investment dealers as well as the Toronto stock exchange are located in Ontario.

The OSC said in its report that "allowing a limited number of non-resident firms to carry on business in the Canadian market place will, in addition to providing competition to the domestic firms in Canada, improve the access of Canadian issuers and investors to offshore markets."

Under its proposals, the aggregate capital of "foreign dealer registrants" more than 30 per cent foreign-owned will be limited to about 30 per cent of the industry's total capital, which presently stands at about C$1bn. No foreign controlled firm will be allowed to account for more than 1.5 per cent of total industry capital.

Applications for foreign dealer registration will be considered by the OSC on a one-off tender basis at a date still to be determined.

Among the criteria to be used in judging applications will be geographic diversity and the range of services offered by a firm in Canada.

British Caledonian postpones share listing

By Lynton McLain in London

BRITISH Caledonian Airways (BCal) has postponed plans for a London stock market quotation despite making record taxable profits of £15.46m ($16.9m) for the year to October 31 1984.

The airline attributed the postponement to the British Government's failure to adopt policies for "structural reform" of UK civil aviation before the privatisation of British Airways (BA). This was a "unique opportunity missed," BCal said yesterday.

If the reform – which would entail wholesale route transfers from BA to BCal and other airlines to reduce BA's monopoly powers – went ahead, BCal would have needed £150m of new equity.

The British Government refused to implement that level of reform, which the UK Civil Aviation Authority recommended as essential before BA was privatised.

Mr Nicholas Ridley, UK Transport Secretary, called for more limited changes. Those included the transfer of BCal's South American routes to BA and BA's Saudi Arabian routes to BCal, Sir Adam Thomson, chairman of BCal, told yesterday's annual meeting of the parent group that as a result of the decision BCal no longer required a share flotation in the immediate future.

Sir Adam remains committed to a flotation, but gave no dates.

BCal claimed yesterday to be "the biggest privately owned international scheduled airline in Europe," with more than 2m passengers last year.

The airline lifted pre-tax profits to £15.46m from £3.2m in the year to the end of October 1983.

Airline operations produced £414.9m turnover, against £362.1m in 1983.

Turnover at the Caledonian Aviation group, BCal's ultimate holding company, rose from £428.4m in 1983 to £526.1m.

The group made an operating profit of £17m, compared with £17.7m in 1983, and pre-tax profit of £15.35m, more than four times higher than the £3.33m in 1983. The large pre-tax increase was partly accounted for by a fourfold increase in profits on the disposal of fixed assets, mainly aircraft and investments, up from £1.8m in 1983 to £8.7m last year.

BCal is to make an announcement in about a week on plans for an extra Boeing 747 and an additional McDonnell Douglas DC-10 airliner.

The airline is concerned about the lack of progress the UK Government has made on airports policy. Sir Adam said that if expansion of facilities were not allowed in London and south east England, the growth of British air transport would come to a standstill in 1990 when facilities became saturated.

BCal carried 2.1m passengers in the year to the end of October, a growth of 7.7 per cent on the previous period.

See Lex

THE LEX COLUMN

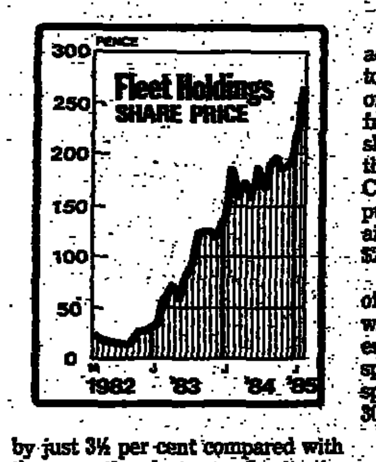
Two-wheel drive for Wheelock

The prospect of an old-fashioned duel for the future of Wheelock Marden was just the sort of thing to send the Chinese year out with a bang. Even with the Wheelock share price in suspension the Hang Seng index was up 40 points at one stage yesterday before settling back still comfortably above 1400.

That an overseas Chinese of the weight of Tan Sri Khoo sees ambitions in mainland China best served through Hong Kong was encouragement enough for the market. The entry of Sir Y. K. Pao merely confirmed the optimists' view that there is enough cash – and confidence since the Sino-British agreement – to keep the market bubbling well into the Year of the Ox. Apart from the Wheelock quoted subsidiaries, Jardines was the main target of speculative attention and its share price rose HK$1.15 to HK$9.90.

In this market, it is not surprising that what informal trading there was in Wheelock shares was above Sir Y.K.'s offer of HK$8.60 ($2.1bn). A company such as Wheelock scarcely deserves a big premium to net asset value even if the winner of the auction can free net cash balances in the property companies of up to HK$1.5bn. However, other parts of the market are assuming that each bidder has gained more than 30 per cent of the voting equity which, allowing for a further chunk of cross-holdings, does not leave much room for a third party.

With the deadlock between Mr Marden and Mr Cheung broken at last, it is conceivable that Wheelock could sort out its shipping division and exploit its cash without the assistance of a predator. But with just part of a day's trading until the Chinese New Year, not much is likely to be settled this week.



UK public borrowing

Britain's gilt-edged market seems to retain a healthy scepticism about Government forecasts of its own deficits. When January's public spending borrowing requirement (PSBR) figures were released yesterday showing a surplus for the month of £2.4bn – right at the bottom of economists' forecasts – government securities shrugged off the news with an immediate fall of about ½ point.

The Government always claws money back into its coffers in January. This time, though, the Inland Revenue must have been disappointed with its income, which rose by just 3½ per cent compared with the same time last year despite the healthy state of corporate profitability.

The outturn for the year seems likely to be between £9½bn and £10bn, providing expenditure behaves itself in February and March. This has already been discounted in the gilt market, which is looking to the March budget and beyond.

What it had not discounted yesterday, though, was the strength of the dollar. Every time the U.S. celebrates a former President's birthday these days, the dollar goes up like a party balloon. Long gilts took one look at the level of the pound and lost ¾ point.

British Caledonian

Airline finances are a wonder to behold. The 1984 report and accounts of Caledonian Aviation, the parent company of British Caledonian, discloses a reduction in net interest payments from £16.3m to £9.7m during the year to October.

In most companies this movement would point to a reduction in borrowings. Not so in the airline business. Caledonian's loans and term finance, net of desposits, have risen by £82m to £277m thanks largely to a capital spending bill which, at just over £100m, covers the depreciation charge four times over.

The revenue account, however, benefits to the tune of £8.7m from the reduction in interest on tax leases which flowed from the 1984 Finance Act. The company has also credited disposal profits of £8.8m – arising largely from the sale and lease-back of BAC 1-11 aircraft – with the result that a small drop in group operating profit is transformed into a leap in pre-tax profit from £3.3m to £15.4m.

Yet, however, the numbers are added up, Caledonian still appears to be making a very slender return on the business of flying people from one airport to another. Profits should be boosted by the addition of the New York and Saudi routes but Caledonian still has to finance the purchase of the two wide-bodied aircraft (second hand price about $22m each) needed to fly them.

The company seems happy to put off its long-awaited flotation for a while yet, so presumably its bankers are happy to finance further spending by a group which already sports equity gearing of about 300per cent.

Fleet/Aitken Hume

For such a perennial bid-candidate, with a fifth of its equity being passed perpetually around Fleet Street like the prize in a game of millionaire's pass-the-parcel, it is strange that Fleet has taken quite so long to find itself a defensive acquisition. The eventual choice of a Aitken Hume at least makes some tenuous dynastic sense – even if the present Aitkens bear only a distant family relation to the Express, while financial services are not exactly Fleet's established line of business.

In more normal circumstances Fleet's trading for the last six months of 1984 would in itself give it the makings of a fairly reasonable defence, showing a 42 per cent increase in trading profits to £9.3m.

Fleet seems to have done rather better than other proprietors of national newspapers at getting the benefit of increases in cover price, and a recovering the outlay on promotional bingo.

The Star, particularly, was helped by its share of this expense, and should still be holding some of the additional sales in the current period. Only the weaker performance of Fleet's valuable magazine division – hindered by loss of drug advertising – detracts from the results.

It is unfortunate for Fleet that even after sustained bid interest the market still capitalises it at only about £240m, not much over twice the value of its stake in Reuters. That does not price fleet's actual business on a standard market rating, let alone build in enough of a premium to discourage a bidder – like United Newspapers – who was interested in the value of the parts.

That is a calculation which the discussions with Aitken Hume are unlikely to change much.

Heseltine defends Belgrano secrecy

Continued from Page 1

Ponting was acquitted were based on his leaking of documents to Mr Dalyell, who has been a severe critic of the Government over the Belgrano affair.

Mr Ponting, he insisted, had been partly responsible for a key memorandum in which ministers were advised not to answer fully questions posed by the House of Commons select committee on foreign affairs.

Mr Ponting had seen the memorandum before it was issued, and had "spent 10 days in absolute silence" protesting neither to ministers nor to his civil service colleagues.

"If he had this sense of outrage about what his own colleagues were advising, why didn't he challenge their advice?" Mr Heseltine demanded.

But Mr Davies, in turn, said that Mr Heseltine had concentrated on a character assassination of Mr Ponting because he had no other case to put.

Mr Davies also directly attacked Mrs Thatcher, whom he accused of blatantly misleading the House of Commons, in February last year. Parliament had not then been given the true date of the sighting of the Belgrano, yet the Prime Minister had "had the affrontery to try to pretend to the House that we had all the facts available. All the facts were not given," he said.

Thais pull together on state industry deficits

Continued from Page 1

ing private sector debt, is now estimated at $13bn and servicing it has become an increasing burden. The overall debt service ratio is above the important 20 per cent mark, and these payments (baht 44bn in the current fiscal year) are the largest item in the central Government's budget.

The budget, it has emerged in the past couple of months, is running at a deficit of as much as 50bn baht, well above the 35bn baht target. Worse, the state enterprises are likely to notch up a separate deficit of 30bn baht. On top of this the better performers – Egat, the Thai Tobacco Monopoly, the Telephone Organisation of Thailand – are showing signs of decreased profitability.

The biggest loss-maker is the Bangkok Mass Transit Authority (971m baht in 1984), which operates the capital's bus system and has been losing money for at least a decade. The second biggest loss-maker is the State Railway of Thailand (551m baht).

Two years ago the World Bank warned that a resolution of the financial difficulties of the SRT, BMTA and the Metropolitan and Provincial Water Works Authorities, was "urgent." The World Bank said it could be achieved "through appropriate adjustments of tariffs and improvements in operational efficiency and management."

The Government then produced its own comprehensive study in January 1984, which recommended the dissolution of some minor loss-making enterprises, higher tariffs and retrenchments to cut losses in others. It also recommended greater fiscal co-ordination with the central Government and a slowdown in government borrowing.

Pressure has since been building for action. It now appears to be recognised that salaries and wages – the major component of most state companies' operating costs – are inflated and that there is too much overtime and vast overmanning. Insufficient professional and technical expertise at management levels and a rapid turnover in management add to the inefficiencies.

Beyond this, it is agreed that there should be far greater self-financing of projects, and it has been suggested that a national state enterprise committee could be set up to remove state companies from individual ministries in order to make them financially more accountable.

The idea which has gathered most momentum, however, has been to sell stakes in state companies to the private sector in order to give the Government more revenue and to make the companies more efficient. Thai Airways, for example is considering such plans and "privatisation" has become as much a buzzword in Thailand as in Malaysia or Britain.

None of these, however, are as easy as they might seem. The state enterprises employ about 250,000 people, many of whom are organised in unions. The companies also offer influential political and military figures in Thailand excellent opportunities to exercise powers of patronage.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	12	54	Dubrovnik	F	2	36	Malaga	F	18	64	Salzburg	S	-6	21
Akrotiri	F	16	61	Faro	S	15	59	Malta	S	18	64	Seoul	C	2	36
Algiers	-	-	-	Florence	F	4	51	Manila	S	35	95	Singapore	C	33	91
Amsterdam	S	-3	27	Frankfurt	S	-6	21	Miami	S	21	70	Stockholm	S	-12	10
Athens	S	18	61	Funchal	S	16	61	Milan	S	2	36	Strasbourg	S	-4	25
Bahrain	C	20	68	Geneva	F	-4	25	Moscow	C	-11	12	Sydney	C	23	73
Bangkok	S	33	91	Gibraltar	R	15	59	Munich	S	-8	18	Taipei	R	15	59
Barcelona	F	12	54	Guernsey	S	3	37	Nairobi	-	-	-	Tangier	-	-	-
Beirut	C	14	57	Helsinki	C	-11	12	Naples	C	8	46	Tehran	-	-	-
Belgrade	S	-7	19	H. Kong	R	17	63	New Delhi	S	27	81	Tel Aviv	F	17	63
Berlin	C	-4	25	Innsbruck	S	-2	28	New York	C	7	44	Tenerife	-	-	-
Biarritz	C	8	46	Inverness	F	6	43	Nice	R	8	46	Tokyo	C	10	50
Blackpool	S	0	32	Istanbul	Sn	-1	30	Oporto	S	12	54	Toronto	Sn	1	34
Bordeaux	C	4	39	Jersey	S	3	37	Oslo	S	-10	14	Tunis	-	-	-
Brussels	S	-3	27	Jo'burg	S	27	81	Paris	S	0	32	Valencia	S	11	52
Budapest	S	-6	21	Las Palmas	-	-	-	Prague	F	-7	19	Venice	S	2	36
B Aires	S	29	85	Lima	S	26	79	Reykjavik	F	2	36	Vienna	C	-6	21
Cairo	S	15	59	Lisbon	F	12	54	Rio de J'o	S	39	102	Warsaw	C	-11	12
Cape Town	F	21	70	Locarno	C	2	36	Rome	F	9	48	Zurich	S	-6	21
Caracas	-	-	-	London	S	3	37								
Casablanca	-	-	-	Los Angeles	C	12	54								
Copenhagen	-	-	-	Luxembourg	S	-6	27								
Corfu	F	15	59	Madrid	F	9	48								
Dublin	S	5	41	Majorca	F	17	63								

Readings at mid-day yesterday

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Better results for Peugeot

Continued from Page 1

were nearly 13 per cent lower than in 1983.

M Calver also expressed concern over the risk that the current spectacular commercial success of the Peugeot 205 supermini could overshadow the group's other wide range of models.

The 205 market segment is also likely to come under increasing pressure in France from the rival Renault Super 5 mini. Renault, the state-owned car group which is expected to have lost as much as FFr 10bn in 1984, has cut back substantially the prices of its Super 5 mini in an effort to regain market share.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1985.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday February 19 1985

Trilogy hit by further problems

By Louise Kehoe in San Francisco

TRILOGY, the ill fated U.S. supercomputer developer, faced more difficulties this week. The main portions of its co-operative technology development programme with Sperry, the U.S. computer group, have ended and plans for a merger between Trilogy and California Devices have been cancelled.

The ambitious venture, founded by computer designer Dr Gene Amdahl, now appears to be virtually defunct. Trilogy spent more than $250m over the past four years in its efforts to build a computer that would outperform anything that IBM or the other big computer makers could offer. Trilogy also failed to make its wafer-size computer chips work properly, but built one of the most sophisticated chip production plants in the world in the process of trying.

Forced to abandon its grandiose plans to design a high-performance computer powered by "superchips," Trilogy planned to stay in business by providing chip design and development services to Sperry, one of its leading investors. Trilogy said those services generated more than $2.25m of its 1984 revenues.

Trilogy said the joint projects would be phased out because existing assignments were finished and because the company's long-term strategies were no longer compatible. Trilogy said it might provide additional services to Sperry if new contracts were negotiated.

● Verbatim, the largest U.S. manufacturer of floppy disks used to store personal computer programs and data, will lay off about 400 employees – 25 per cent of its domestic workforce – over the next few weeks. The company, like its competitors in the floppy disk business, is facing a slowdown in orders and rapidly declining prices for its products. Disk prices have fallen by about 20 per cent over the past 12 months.

Beirut bank bids $50m for bulk of Deak-Perera

BY WILLIAM HALL IN NEW YORK

BANK ALMASHREK, a Beirut bank majority-owned by several Middle Eastern governments, has made a $50m offer for the bulk of the operations of the troubled Deak-Perera group, the oldest and largest foreign exchange and precious metals retailer in the U.S., which also controls private banks in Switzerland and Austria.

Mr Roger Tamrez, chairman and chief executive of Bank Almashrek, made the offer in a letter to a U.S. bankruptcy court this month. The court is responsible for the reorganisation of the New York-based Deak & Co, holding company for the Deak-Perera financial empire, which filed for protection under Chapter 11 of the U.S. bankruptcy code, along with two of its subsidiaries, last December after a run on its deposits.

Although Deak-Perera U.S., which buys and sells foreign exchange and precious metals through a network of more than 50 U.S. offices, was not included in the Chapter 11 filing and continues to operate normally, it is one of several Deak subsidiaries affected by the problems of its parent, which is majority owned by Mr Nicholas Deak, 79, a former Hungarian refugee who came to the U.S. in 1939.

The U.S. bankruptcy court is trying to balance the conflicting claims of Deak's creditors which include several thousand depositors around the world facing heavy losses after the collapse of Deak-Perera International Banking Corporation (Depebanco) and Deak's deposit-taking operations in Hong Kong and Macao.

The U.S. court papers shed some light on the complex financial affairs of the Deak-Perera group, which ran into liquidity problems last autumn after a U.S. presidential commission on organised crime alleged that one of its subsidiaries had been used to launder South American drug money. The U.S. Treasury has lodged a claim against Deak for $572,000 for violations of the U.S. Bank Secrecy Act with the bankruptcy court.

It is clear from the papers that Deak's Swiss bank, Foreign Commerce Bank (Foco), which it formed in 1958, is the most valuable asset in the Deak-Perera empire and became increasingly important as Deak tried to raise money around the world. In April 1983 Deak sold a "substantial interest" in Deak National Bank, a small bank in upstate New York, to Foco for $2m. In August 1983, Deak sold its Austrian bank, Bankhaus Deak, to Foco for Sch 175m ($7.6m), and in February 1984, Deak sold a 49 per cent stake in Deak-Perera U.S., which controls the U.S. office network, to the Swiss bank for $6.5m.

Bank Almashrek says its offer for all of the outstanding capital of the Zurich-based Foco, and Deak-Perera U.S., is "intended to permit the prompt transfer of the banking and foreign exchange and metals businesses to a corporate group unaffected by the negative publicity and market psychology of the bankruptcy proceedings."

Bank Almashrek is owned by the Intra Investment Company, a Middle Eastern conglomerate whose interests include Middle Eastern Airlines, Normed, France's biggest shipbuilder, and investments in communications, real estate and hotels. Mr Roger Tamrez is also chairman and chief executive of Intra, which in turn is 60 per cent owned by the governments of Lebanon, Kuwait, and Qatar and 40 per cent owned by private individuals.

The Beirut bank already owns a Swiss bank, Banque de Participations et de Placements (BPP), and Mr Roger Tamrez says his offer is $5m in cash and the rest in non-voting securities of BPP, which will be in bearer form and quoted on a Swiss stock exchange. He reserves the right to reduce the price if the book value of Foco at the closing date is less than SwFr 40m ($14.4m) or the amount of fiduciary assets under management were less than SwFr 1.3bn.

Swiss banking licences are hard to come by for foreign entities, consequently the planned sale of Foco has caused considerable interest in the international financial community. Foco has been consistently profitable and offers a full range of banking services. Deak's creditors claim that it manages "substantially in excess" of SwFr 1.5bn in fiduciary and trust accounts. Aside from its Austrian bank, Foco owns Eurotrade Bank and Trust Company and a small Swiss brokerage firm.

Deak & Co owns 85,747 of Foco's 100,000 shares but these have been pledged to cover various borrowings by Deak of which $69m is to Depebanco. Deak says in its own court filing that it does not believe the proceeds of the proposed sale will be sufficient to satisfy in full the indebtedness to any pledgee except Bank Leu, which provided it with a line of credit last August.

Deak is seeking court approval to sell Foco to Dow Banking, on behalf of an unnamed client, for $48m. As part of the deal, Deak is seeking to retain Foco's 49 per cent stake in Deak-Perera U.S. and its interest in Deak National Bank.

Deak's move to dispose of its Swiss bank to Dow is being opposed by several interested parties, including Hong Kong's official receiver, in his role as liquidator of Deak-Perera Far East; Deak's official creditors committee; and the management of Foco itself. The belief is that a better price than $48m could be struck if the sale was not rushed through.

Aside from Bank Almashrek, several unnamed parties have informed the U.S. bankruptcy court of their interest in buying Foco bank and parts of the Deak-Perera empire, including a $12bn insurance company. Meanwhile Grospart AG, a Swiss wholesaler with annual sales of SwFr 13bn, which already owns Bankinvest, a Swiss commercial bank, has objected to the proposed sale of Foco to Dow on the ground that not enough information was available to enable a third party to make an informed offer.

ITT unit set to win Israeli contract

By Paul Cheeseright in Brussels

BELL Telephone Manufacturing, the Belgian unit of ITT of the U.S., is entering into the final phases of negotiation with the Israeli telephone authorities for the supply of its System 12 digital telephone equipment.

The contract might be worth as much as $70m. System 12 would be used for a second telephone network in Israel, complementing that already installed by Northern Telecom of Canada.

The Israeli Government last year agreed in principle to buy System 12 but Mr Shimon Peres, the Prime Minister, called for a two-month suspension of this decision so the telephone authorities could consider a new proposal from CIT-Alcatel of France.

Yesterday, the original decision in principle was re-affirmed, opening the way for a firm contract.

Israel has been talking with major equipment suppliers about a second network for three years. Bell Telephone and CIT-Alcatel emerged as the strongest competitors although, originally, tenders were also put in by GTE of the U.S. and Siemens of West Germany.

Wind of change knocks bottom out of the blue jeans market

BY ANTHONY MORETON, TEXTILES CORRESPONDENT, IN LONDON

THE DECISION by Levi Strauss, the world's leading jeans manufacturer, to close production plants in Britain, France and Belgium and to undertake a wholesale management reorganisation may not be the end of the closures to hit the industry.

Levi Strauss is in trouble in the U.S., its home base, as well as Europe. Profit dropped to $41.4m last year from $194.5m in 1983, sales fell 8 per cent to $2.51bn, 20 plants were closed and 5,000 workers dismissed.

Wrangler, a subsidiary of Blue Bell, the world's number two concern, is also facing difficulties. As its figures are subsumed within the parent corporation, it is difficult to quantify just how badly it has been hit.

In Europe, Lee Cooper has also taken knocks, having to close plants and reorganise. Falmers and Lois, a Spanish concern, have both also felt the cold winds.

"The world of jeans is not dead," says Mr Miles Templeman, marketing director of Levi Strauss in Europe. "Far from it. There is still great mileage to be won from production of jeans provided we can get the fashion content right."

The figures appear to substantiate his view. It has been estimated that just over 40m pairs of jeans were sold in Britain alone last year. In the U.S., more than 500m pairs a year are sold.

But if jeans, and the denim from which most are made, are not dead, their day is over. According to Mr Robert Haas, U.S. president of Levi Strauss, demand is going to remain "flat" for some time.

Jeans have been hit by an increasing fashion-consciousness among younger people. Instead of the straightforward pair of blue denim trousers, supplemented perhaps by a denim top, younger people are increasingly buying more casual-wear separates.

The first big attack on the place held by jeans came when tracksuits became acceptable as everyday wear. That was followed by increasing purchases of separates – blousons, jackets or cardigans, with trousers.

Fashion and style became much more important, and with them came a shift in buying patterns.

At about the same time – the early 1980s – the jeans manufacturers had become stuck in their own time warp.

Jeans were the clothes of the new generation that emerged after 1965. They reflected, through the medium of apparel, changing patterns that were taking place in lifestyles.

Long before the word androgynous became fashionable in the clothing world boys and girls were buying blue jeans from the same racks, despite physiological differences.

The manufacturers responded by making not just an asexual garment but just one garment – the standard five-pocket Western jeans.

Primed by their own success, the manufacturers failed to see the emergence of greater fashion-consciousness and paid the penalty as buyers switched to other types of material and other styles. "The market has become much more fragmented," Mr Templeman says. "Much more variety is needed now, especially if we are to compete with cheap imports from the Far East."

"The answer," according to M Pierre Pouillot, the French-born chief executive of the British company Lee Cooper, "is to build in more styles, more fashion and to produce in other cloths."

At the recent French menswear exhibition in Paris, Lee Cooper had a range of clothes on their stand that was far removed from blue denim.

"Until 1983 two thirds of our output was one item, the Western jean. Now it is just under half. What we are doing is looking for other garments to make. In two years we have nearly doubled the volume of jackets we make," said Mr Pouillot.

The search for alternatives is one being frantically pursued by all the companies, not altogether successfully. The first step was to turn the five-pocket jean – four patch pockets and a ticket pocket – into the more conventional trouser with angled, internal pockets, in denim. After that, the manufacturers started making trousers in other materials, then other items of apparel.

However, the market for fashionable jeans appears to have been creamed off by the "names" selling at premium prices – Calvin Klein, Gloria Vanderbilt and the like. The traditional manufacturers have not found it easy forcing their way into the top end of the market.

"We are not used to supplying the short, sharp runs that higher fashion dictates," M Pouillot says.

In the U.S., Levi Strauss came up with a line called Common Man's Apparel, which was described as being clothes for people who live in the fast lane. Unfortunately, it seems there were not enough of them in the fast lane

"If we are to succeed," says Mr Templeman, "we must find new business outside the jeans field." In that, Levi Strauss is being joined by all its competitors.

Pechiney lifts revenue 22%

PARIS – Pechiney Ugine Kuhlmann, the French state-owned metals group, increased its revenue for 1984 by 22.8 per cent from a year earlier, helped by an upswing in exports.

Consolidated revenue rose to FFr 35.4bn ($3.54bn) from FFr 28.8bn in 1983, based on comparable group structure. Pechiney pointed out that 66 per cent of its 1984 revenue was based on foreign activity, up from 62 per cent in 1983.

AP-DJ

INTL. COMPANIES & FINANCE

Exports underpin BMW sales rise

BY JOHN DAVIES IN MUNICH

BMW, the West German car and motor cycle maker, increased group sales by 17.5 per cent to DM 16.48bn ($5.05bn) last year, despite a seven-week shutdown during the labour conflict in the metal industries last May and June.

Herr Eberhard von Kuenheim, the chief executive, said that BMW had missed opportunities through the dispute over shorter working hours, but even so it achieved records in production, domestic sales and exports.

He indicated that the parent company had increased its profit last year, but gave no details and refused to be drawn on dividend prospects. BMW increased its 1983 dividend from DM 10 to DM 11 per share plus a DM 1 bonus, after net profit went up from DM 200m to DM 288m.

This year woul be better than 1984, Herr von Kuenheim forecast, despite the hesitancy in the West German car madket arising from the Government's plans to tighten exhaust emission controls.

With special shifts to catch up on some lost production, BMW turned out 432,000 cars last year, 2.6 per cent more than the previous year. But it boosted car output by 7.7 per cent in 1982 and 11.1 per cent in 1983.

Although the total West German car market declined last year, BMW's domesic sales were 1 per cent higher at 160,400.

Export sales, which rose 6.8 per cent in 1983, rose a further 3.9 per cent last year to 273,800—almost two-thirds of total sales. BMW's car sales in the U.S. rose nearly 20 per cent last year to 71,000. Sales in Japan surged ahead 41 per cent to the still relatively modest total of 8,900.

BMW's sales revenue was boosted by the strong U.S. dollar, which lifted earnings in terms of Deutschemarks, but also by a shift in demand towards dearer models in the company's range.

After the introduction of the new K-series of motorcycles in 1983, BMW has strongly increased its sales, even though

Herr Eberhard von Kuenheim: forecast a better 1985

world markets have declined. Its production and sales of motorcycles rose 20 per cent last year to 34,000, with its sales abroad showing an even sharper rise of 24 per cent to 23,400.

Herr von Kuenheim said that BMW's parent company investment slipped to DM 670m last year, after an outlay of DM 800m in 1983, because some projects were postponed as a result of the labour dispute.

He said that the new plant at Regensburg was being built within the schedule time scale and should start producing cars in summer or autumn next year.

Herr von Kuenheim said that the West German car industry last year went through the greatest turbulence for 10 years, with the labour dispute and the unsettling of the domestic market because of uncertainty about anti-pollution controls.

He declined to disclose the level of BMW's recent domestic orders, but said the company's domestic orders were running ahead of new registrations.

The backlog of orders which West German motorists had been withholding was likely to be loosened in the course of the year as the anti-pollution question became clearer, Herr von Kuenheim said.

Algoma Steel reduces net loss

BY BERNARD SIMON IN TORONTO

CANADIAN steelmaker Algoma Steel reduced its net loss to C$45.8m (U.S.$34.2m), or C$4.37 a share, in 1984, from C$126.6m or C$9.50 a share, a year earlier. Fourth quarter net losses were C$11.6m against C$26.3m.

Sales rose from C$859.5m to C$1.1bn and an operating loss of S$123.9m was turned into a S$14.9m profit. But the company remains burdened by heavy interest expenses, totalling C$64.7m last year, slightly higher than in 1983.

Algoma, whose main shareholder is Canadian Pacific Enterprises, said that improving market conditions and efforts to cut costs "should provide the opportunity" for a pre-tax profit in the first quarter of 1985.

The company has ended a two and a half year moratorium on major capital *spending* by resuming construction of a C$370m seamless tube mill. Work on the mill was suspended in late 1982, but the viability of the project has been improved by a recovery in demand for tubular products and a favourable outlook for increased sales to the North American oil and gas industry.

Funds for the rest of the mill project, totalling C$150m, will be supplied through a partnership arrangement with Canadian Pacific.

Mr John Macnamara, Algoma's chief executive said the company is also examining the installation of additional ladle steel refining capacity, a new bloom/roundcaster and modernisation of its rail mill. Algoma's main plant is at Sault Ste. Marie on the eastern edge of Lake Superior.

● CHRYSLER Canada, part of the Chrysler motor group of the U.S., had net income in 1984 of C$280.6m on sales of C$6.3bn. This compared with 1983 profits of C$118.8m on sales of C$4.3bn.

The company said it prepaid all of its C$281.8m of debt to Canadian banks and arranged a previously reported C$250m in revolving credit facilities.

Amsterdam plan for gold futures market

By Laura Raun in Amsterdam

AN AMSTERDAM gold futures market is to begin trading in April on a pilot programme basis.

The two-year programme is aimed at determining whether such an exchange can attract enough business to survive amid the escalating competition between international financial centres.

Mr Tjerk Westerterp, general director of the European Options Exchange said the EOE would provide half the start-up capital for the futures market, which nevertheless will have a separate membership and management.

The futures contracts initially will cover one-half kilo of gold and be *priced in florins*, thus appealing largely to a domestic Dutch clientele. If interest in the market proves sufficient, additional contracts will be offered covering 100 troy ounces and priced in dollars, the specifications used on the New York Commodities Exchange.

French bank ahead

Banque Indosuez, the French bank, expects 1984 consolidated net profits to rise by between 15 and 20 per cent above the FFr 377.9m ($37.8m) in 1983, reports Reuter from Paris. Non-consolidated net profits should rise to about FFr 220m from FFr 180.4m, but the consolidated result will be somewhat less strong because of foreign loss provisions and costs associated with the opening of new branches. Results will be announced in the second half of April.

Dyno steps up payout to 15%

By Fay Gjester in Oslo

DYNO, the Norwegian chemicals, plastics and explosives group, is increasing its 1984 dividend to 15 per cent from 14 per cent following significantly increased profits.

Profits before extraordinary items rose to NKr 180m ($19m), against NKr 102m in 1983. Dyno attributes the improvement partly an acquisition and partly to the world economic upswing, which boosted demand for most of its products.

If this trend continues, Dyno says, even higher profits can be expected for the current year. In 1984, Dyno acquired the U.S. slurry explosives company, Ireco.

Gross operating income rose to NKr 2,978m in 1984, from NKr 2,210m a year earlier, a rise of 35 per cent.

Pirelli to acquire 10% of Italian cables rival

BY JAMES BUXTON IN ROME

INDUSTRIE PIRELLI, the *Italian operating* company of the Pirelli tyre and cables group, is to acquire 10 per cent of Ceat Cavi, the cables subsidiary of Ceat, the privately owned company which is Pirelli's only Italian-owned rival in the tyres and cables fields.

The deal, which will cost Pirelli L6.5bn ($3.25m), *marks* a further extension of Pirelli's influence over Ceat. Last year it reached an agreement with the Ceat Tyres subsidiary which effectively ended the subsidiary's independent existence.

Industrie Pirelli is to buy 6.5m shares in Ceat Cavi as part of a capital increase involving 16.5m shares. This will give it 10 per cent of Ceat Cavi's voting capital.

Last year Industrie Pirelli took over the plant near Turin of Ceat Tyres to make Pirelli large tyres. It also acquired the marketing of all tyres with the Ceat trademark.

Pirelli will later take over the control and production of Ceat Tyres at its plant at Anagni, near Rome.

Alonug with Mediobanca, the Bank of Italy and a number of other institutions, Ceat is itself a modest shareholder in the Pirelli group via a 3.4 per cent stake in Pirelli SpA.

Peter Montagnon on the BIS figures for the 1984 third quarter

U.S. banks scale down international lending

INTERNATIONAL bank lending contracted by $37bn in the third quarter of last year, the first third-quarter decline since the financial system was rocked by the collapse of West Germany's Herstatt bank in 1974, according to new figures from the Bank for International Settlements.

A large part of the fall was accounted for by movements in exchange rates, but even in constant dollar terms total lending dropped by $4.4bn as once again banking problems — this time the troubles of Continental Illinois — dampened activity in the interbank market.

Whereas the problems of Bankhaus Herstatt had caused European banks to draw in their horns, this time it was the turn of U.S. banks to scale down their activities at home and abroad. A $5.6bn decline in international lending by banks in the UK largely reflected cuts in the assets of U.S. bank affiliates and branches operating out of London.

Simultaneously, the BIS notes that four other factors acted to depress activity in the international banking market. Growing use of the bond markets for international banking, the development of the Euronote issuance market, continued debt problems facing countries in the developing world and the improvement in the balance of payments of other countries combined to reduce demand for traditional bank loans.

But it was in the interbank market in which banks lend surplus funds to one another that the drop was really felt. Without cuts in this area international bank credit would have expanded by some $10bn during the third quarter, the BIS argues.

Even this, however, would have been a much slower rate of expansion than that seen in the previous quarter ($25bn) or in the third quarter of 1983 ($20bn).

One consequence of the reduced participation of U.S. banks in international business was a shift away from the use of the dollar in international lending. The external assets in dollars of banks in industrial countries dropped by $19bn, whereas those in other currencies expanded by $20.6bn.

The behaviour of U.S. banks also had a considerable impact on the net flows of money into the U.S. during the third quarter. The BIS says that gross lending abroad by U.S. banks dropped by $24bn so that the large U.S. balance of payments deficit was in part financed by an unwinding of capital exports out of the U.S.

Borrowing abroad by U.S. banks also fell, but only by $4.1bn, so that in net terms they again became large takers of external funds for lending to their domestic customers.

Some of this money was clearly supplied by the central banks of countries in the developing world which were able to build up their reserves as their financial position improved with large trade surpluses last year. The BIS says that bank deposits by the monetary authorities outside its reporting area rose by between $6bn and $7bn. This was a reversal of the fairly steep decline of such deposits that set in in late 1980.

In contrast U.S. non-bank investors withdrew some $9.5bn from the international banking system during the third quarter, a development which the BIS says was probably related to the distrust of banks that built up after troubles surfaced at Continental Illinois.

Its new figures incorporate a broader collection base, which besides banks in the main industrial countries includes for the first time full data from banks in Bahrain, the Bahamas, Cayman Islands, Hong Kong, the Netherlands, Antilles and Singapore.

The effect of this has been to force the BIS to restate previous totals for international bank lending. For example, the total stock of bank credit at the end of December 1983 has been adjusted upwards by 14 per cent to $1,240bn. Lending to non-oil developing countries has been adjusted up by an even higher percentage, by more than $70bn to $327bn.

CHANGES IN INTERNATIONAL BANKING FLOWS

	Growth by quarter				
	1983 3rd	1984 1st	2nd	3rd	Total at end Sept.
Gross lending	29.8	27.9	47.7	−4.4	2,114.9
Interbank lending	18.9	23.4	40.8	−6.8	1,224.3
Net international credit	20.0	25.0	25.0	10.0	1,255.0

(*Figures in $bn after adjustment for exchange rate changes*).

INTERNATIONAL COMPANIES

New advisory body for issuers seeks to add order to market

BY MAGGIE URRY IN LONDON

A SERIOUS attempt is being made to bring a little more order to the Eurobond market with the formation of the International Primary Market (IPMA). That new grouping is separate from the Association of International Bond Dealers (AIBD), which is more concerned with the secondary market.

The high-speed growth of the Eurobond primary market – new issue volume reached $80bn in 1984 – and the development of new techniques and instruments are two good reasons why the IPMA is needed. But syndicate managers were also becoming concerned by the appearance of what chairman Mr John Sanders calls "sloppy legal and documentation work and potentially harmful market practices."

He hopes that the IPMA will provide a forum for the market's chief practitioners to discuss how bond issues should be handled.

Two sub-committees, Legal and Documentation, and Market Practices have been set up. They will make recommendations to the 15-man board which will then be put to the full membership. Mr Sanders expects that the basic guidelines covering the documentation aspect should be written within six months, while the recommendations on market practices may take a year to be agreed.

Membership of the association is limited to book-runners, those banks actually responsible for syndicating bond issues and for the documentation involved. A total of 44 banks passed the test of having run the books on six deals in the past two years or nine in the past three, and all have joined the IPMA. Between them they lead-manage the vast majority of new Eurobond issues.

Mr Sanders, who is a senior director of S.G. Warburg, one of the leading new-issue houses, does not want the IPMA to become merely a prestigious club or a cartel and the association will not be a regulatory body wielding the big stick if members go astray.

Mr Sanders expects that members who agree guidelines designed for the greater good of the market as a whole will stick to them. Firms' representatives on the association are senior people able to wield some influence within their houses.

As well as making internal recommendations, the IPMA will act as a representative body for the whole primary market in dealings with governments, central banks, treasuries and tax authorities, regulatory bodies and other organisations.

It could, for example, have put the Eurobond primary market's case to the U.S. Government last summer when the subject of withholding tax repeal was under discussion. It will also liaise with the AIBD.

The board includes eight members mainly concerned with the Eurodollar bond market, while the other seven each represent other major currency sectors of the Eurobond market. The composition of the board will be reviewed annually.

Singapore banks reject criticism

BY CHRIS SHERWELL IN SINGAPORE

POOR BUSINESS conditions, inefficiency, and ill-judged speculation appear to have been the main causes of a wave of company failures in Singapore, rather than any increase in the number of winding up petitions initiated by banks, the Association of Banks in Singapore claimed yesterday.

The association was responding in strong terms to allegations recently published in Business Times, a local newspaper. The banking community has plainly been stung by the allegations, which have heightened concern about Singapore's gloomy business climate.

The newspaper quoted unnamed businessmen as saying banks were "pressing the panic button" by cutting credit lines, raising borrowing costs, and petitioning for companies to be wound up.

At the same time the newspaper's editor, in an unusual "open letter," warned bankers that the steep rise in petitions initiated by banks "will not be forgotten by the business community when the economic cycle swings upwards again."

The banks insist that withdrawal of support was "more likely to be the result rather than the cause" of recent business failures.

Banks should not throw good money after bad, and should not flinch from bold action where a business was not viable, they said.

A record 445 winding up petitions were filed last year. According to the Business Times, companies are being wound up this year at a rate of two a day.

Bankers acknowledge their own increased nervousness in the wake of the Chop Hoo Thye affair in December, when a total of 19 banks found S$100m (U.S.$44.7m) at risk in loans to a collapsed private import-export house run by a local Chinese trader. It was one of Singapore's biggest-ever business failures.

Hoo Thye's problems exposed the hazards of "name lending" and bankers' fears about competitors pulling the plug on all creditors. Businessmen running basically sound companies now say they are victims of the nervousness.

Growth slows at Malayan Banking

By our Kuala Lumpur Correspondent

MALAYAN BANKING, Malaysia's second largest bank, lifted after-tax profits by 14 per cent to 57.6m ringgit (US$23m) in the half year to December 1984 compared with a rise of 34 per cent in the same period of 1983.

The slower growth was attributed to tight liquidity, resulting in a higher cost of funds, and the subdued Malaysian economy.

Total deposits rose by 8 per cent to 9.8bn ringgit, while loans and advances increased by 15 per cent to 9.2bn ringgit. Total assets, including contra items, were 25 per cent higher at 20.2bn ringgit.

HK Land unit sells catering division

By David Dodwell in Hong Hong

THE Dairy Farm Company, a wholly-owned subsidiary of Hongkong Land, has agreed to sell its catering division to Delaware North Companies, a privately-owned U.S. group, for HK$125m (U.S.$16m).

The disposal forms part of deeply indebted Hongkong Land's strategy of selling "non-core businesses," and "refining the focus" of its property, food and hotel businesses.

The group recently disposed of its 33.8 per cent holding in Hong Kong Electric, the local utility company, for HK$2.9bn, pushing group debt below HK$12bn. The Excelsior Hotel in Hong Kong was put up for sale in October last year with a price tag understood to be HK$800m or more. However, it was withdrawn from the market early this month after bids fell short of this target.

Delaware North operates in the U.S. and Europe with businesses mainly in catering, food services, warehousing and distribution. Its new acquisition, to be called Dairy Farm Catering Services, provides flight kitchens for more than 30 airlines operating mainly through Hong Kong.

Dairy Farm's sales in 1984 amounted to about HK$8bn. It has three principal businesses—retailing through its Wellcome supermarket chain, wholesale trading and the manufacture of dairy and frozen food products.

Brambles Industries lifts interim earnings by 26%

BY LACHLAN DRUMMOND IN SYDNEY

BRAMBLES INDUSTRIES, the Australian transport group, lifted net earnings by 26 per cent to A$19.8m (US$15m) in the half year to December, on sales 21 per cent higher at $309m.

The director said the equipment rental business benefited from a pick-up in demand resulting from the Government-funded Bicentennial roads programme and there was a better than expected performance from the Grace Brothers removals business acquired last year.

Marine and Security operations did well, while the waste disposal and industrial pallet businesses grew steadily.

Earnings before tax were 31 per cent higher at $32m. The interim dividend is up by 1 cent a share to 9 cents from profits per share up from 17.6 cents to 19.2 cents.

● Mobil Oil Australia, the local offshoot of the U.S. oil major, turned a A$53.4m loss to a A$15m profit last year. The improvement was revealed to company employees who were told that the company had sacrificed some market share to achieve the turn-round.

Wooltru cuts margins to maintain trading position

BY JIM JONES IN JOHANNESBURG

WOOLTRU, THE South African retail chain formerly called Woolworths Truworths, accepted significantly lower margins to maintain its trading position in the 26 weeks ended December 29. Turnover rose by 11.8 per cent to R365.2m ($191m) but operating income fell by 11.2 per cent to R36.6m. Turnover was R637.7m in the year to June 1984 and operating profit R85.1m.

Mr David Susman, the chairman, says the economic slowdown affected consumer spending but large price reductions ahead of Christmas enabled all divisions to increase sales. Mr Susman says the outlook for the rest of the year is not encouraging and the operating companies are concentrating on trimming costs.

First-half earnings dropped to 50.5 cents a share from 57.5 cents and the interim dividend is unchanged at 25 cents. For all 1983-84 earnings came to 118.4 cents and a dividend total of 52 cents a share was paid.

U.S. exports boost Korea Steel Pipe

KOREA STEEL PIPE has reported profits of Won 1.1bn ($1.32m) for 1984, a 358 per cent increase, on sales up 20 per cent to Won 107bn, AP-DJ reports from Seoul.

The company attributed the big profit increase to better export prices in 1984 than in the year before, especially in the U.S. market. Exports accounted for 70 per cent of the total sales

This Prospectus includes information given in compliance with the Regulations of the Council of The Stock Exchange in London for the purpose of giving information to the public with regard to the Kingdom of Spain and the Stock. The Kingdom of Spain has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other facts the omission of which would make misleading any statement herein whether of fact or of opinion. The Kingdom of Spain accepts responsibility accordingly.

Dated 19th February, 1985

Kingdom of Spain

ISSUE ON A YIELD BASIS OF

£60,000,000 Loan Stock 2010

payable as to £30 per cent. of the nominal amount on application and as to the balance of the issue price for value not later than 12th July, 1985 with interest payable half-yearly on 24th March and 24th September.

The Issue has been underwritten by

Samuel Montagu & Co. Limited

Barclays Merchant Bank Limited
County Bank Limited
Hambros Bank Limited
Kleinwort, Benson Limited
Morgan Grenfell & Co. Limited
S. G. Warburg & Co. Ltd.
Baring Brothers & Co., Limited
Grindlay Brandts Limited
Hill Samuel & Co. Limited
Lloyds Bank International Limited
J. Henry Schroder Wagg & Co. Limited
Banco de Bilbao, S.A.

Application has been made to the Council of The Stock Exchange in London for the £60,000,000 Loan Stock 2010 (the "Stock") to be admitted to the Official List for quotation in the Gilt-edged market.

The Stock will be available either in registered form, transferable in amounts and multiples of one penny, or, at the option of the holder, in bearer form, represented by bearer bonds which will be available in the denomination of £5,000. Stock in registered form may be exchanged for bearer bonds and *vice versa* at any time after 2nd August, 1985. Renounceable allotment letters (partly paid) in respect of the Stock will be despatched on 27th February, 1985. Certificates in respect of Stock in registered form and bearer bonds in *respect of Stock in bearer form will be available on 2nd August, 1985* provided the balance of the moneys payable has been duly paid.

THE APPLICATION LIST WILL OPEN AT 10.00 A.M. (LONDON TIME) ON THURSDAY, 21st FEBRUARY, 1985 AND WILL CLOSE LATER THE SAME DAY.

PROCEDURE FOR APPLICATION

Each application must be made in the form of the application form provided herewith and must be lodged with Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU not later than 10.00 a.m. (London time) on Thursday, 21st February, 1985 and must comply with the provisions of "Terms of Payment in respect of Applications" below.

Applications for Stock must be for a minimum of £100 nominal amount of Stock and thereafter for the following multiples of Stock:—

Amount of Stock applied for	*Multiple*
£100–£1,000	£100
£1,000–£10,000	£1,000
£10,000–£100,000	£10,000
£100,000 or greater	£100,000

Samuel Montagu & Co. Limited, on behalf of the Kingdom of Spain ("Spain" or the "Kingdom"), *reserves the right to reject any* application and to accept any application in part only. If any application is not accepted, the amount paid on application will be returned by post at the risk of the person submitting the application and if any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so returned without interest, and in the meantime all such amounts will be held in a separate account.

Samuel Montagu & Co. Limited, on behalf of the Kingdom, will announce the basis of allotment by 9.30 a.m. (London time) on Friday, 22nd February, 1985. It is expected that confirmation of allotments will be despatched on that day. Acceptances of applications for Stock will be conditional (*inter alia*) upon the Council of The Stock Exchange admitting the Stock to the Official List for trading in the Gilt-edged market on or before Wednesday, 27th February, 1985. The Underwriting Agreement is subject to *certain conditions and Samuel Montagu & Co. Limited, on behalf of the* Underwriters, or in certain circumstances the Kingdom may terminate the Underwriting Agreement if such conditions are not fulfilled. If the Underwriting Agreement is so terminated, no applications for Stock will be accepted or, as the case may be, acceptances of applications for Stock will become void.

TERMS OF PAYMENT IN RESPECT OF APPLICATIONS

Each application, unless made by a recognised Bank or Stockbroker taking advantage of the alternative method of payment described below, must be accompanied by a cheque made payable to "Lloyds Bank Plc" and crossed "Spain Loan" representing payment at the rate of £30 per cent. of the nominal amount of Stock applied for. Such cheques must be drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

The alternative method of payment is available only to recognised Banks or Stockbrokers who irrevocably engage in the application forms lodged by them to pay Lloyds Bank Plc, Registrar's Department, Issue *Section, 111 Old Broad Street, London EC2N 1AU for credit to the account* designated "Spain Loan—Alternative Payment" by 10.00 a.m. (London time) on Wednesday, 27th February, 1985 the amount in Town Clearing Funds representing payment at the rate of £30 per cent. of the nominal amount of the Stock in respect of which their applications shall have been accepted.

Where an applicant has elected the alternative method of payment but, because the amount of Stock allotted to him is less than the amount applied for, the payment due by him falls below £10,000, such applicant must arrange for the receipt by Lloyds Bank Plc, at its above address, of a cheque for the amount payable, drawn as aforesaid, so as to be cleared on or before *27th February, 1985.*

Samuel Montagu & Co. Limited, on behalf of the Kingdom, reserves the right to instruct Lloyds Bank Plc to retain the relevant allotment letters and to delay the return of surplus application moneys (if any) pending clearance of applicants' remittances.

Settlement of the balance due on 12th July, 1985 may be made either by means of a cheque, drawn as aforesaid, received by Lloyds Bank *Plc, at its above address, so as to be cleared on or before 12th July, 1985, or,* for payments of £10,000 or more, by means of Town Clearing Funds (as defined below), to be received by Lloyds Bank Plc, at its above address, not later than 10.00 a.m. on 12th July, 1985. Any amount paid in advance of its due date shall not bear interest or be entitled to any other payment. *Failure* to pay such balance when due will render all amounts previously paid liable to forfeiture and the allotment liable to cancellation. Interest at the rate of two per cent. per annum above the Base Rate of Lloyds Bank Plc from time to time may be charged on such balance if accepted after its due date. The Kingdom further reserves the right, in default of payment of such balance, to sell any such Stock fully paid for its own account.

The expression "recognised Bank or Stockbroker" shall mean any organisation which is a recognised bank for the purposes of the Banking Act 1979 and any firm of Stockbrokers which is a member of The Stock *Exchange of the United Kingdom and the Republic of Ireland* and such other banks or brokers as Samuel Montagu & Co. Limited, on behalf of the Kingdom, shall at its absolute discretion think fit for the purposes of the issue.

The expression "Town Clearing Funds" shall mean a cheque or banker's payment for £10,000 or more drawn on a Town Clearing Branch of a bank in the City of London.

DELIVERY

Renounceable allotment letters (partly paid) in respect of Stock allotted will be despatched on Wednesday, 27th February, 1985 by first class post to, and at the risk of, the person submitting the application in accordance with the instructions stated on the application form. *Alternatively, a recognised Bank or Stockbroker (as defined above) using the* alternative method of payment *may request* that the renounceable allotment letter be retained at Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU for collection between 3.00 p.m. and 5.00 p.m. (both London time) on Wednesday, 27th February, 1985. Any uncollected allotment letters will be despatched by first class post after 5.00 p.m. on that day.

Allotment letters may be split up to 3.00 p.m. (London time) on 10th July, 1985 in accordance with the instructions contained therein into denominations or multiples of £100 nominal amount of Stock.

Unless a *duly renounced* allotment letter with the registration application form and/or the form of application for Stock in bearer form duly completed is received by Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU on or before 12th July, 1985, the Stock represented by such allotment letter will, provided it is fully paid, be registered in the name of the original allottee and thereafter Stock in registered form will be transferable only by instrument of transfer.

Allotment letters will provide for Stockholders to elect to take delivery of Stock in bearer rather than registered form. Stock in bearer form will be represented by bearer bonds which will be available in the denomination of £5,000.

Each Stockholder who elects in the allotment letter to receive bearer bonds may elect to receive them in one of the three following ways:—

(a) By collection from the offices of Lloyds Bank Plc, Registrar's Department, Issue Section, *111 Old Broad Street, London* EC2N 1AU or Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA.

(b) By post at the risk of the applicant. Lloyds Bank Plc will insure any package destined for an address in the United Kingdom provided a cheque in favour of Lloyds Bank Plc is enclosed with the allotment letter for 50p per £5,000 nominal amount of bearer bonds to be sent (minimum payment £2). Insurance rates for other countries will be quoted on request.

(c) By delivery to an existing account with the Euro-clear System ("Euro-clear") or CEDEL S.A. ("CEDEL").

Bearer bonds are expected to be available for delivery on and after 2nd August, 1985.

Stock Certificates in respect of Stock in registered form will be despatched to the registered holders (in the case of joint holders to the first named) at their registered addresses, at their risk, by Lloyds Bank Plc on 2nd August, 1985. After such date the relevant allotment letters will cease to be valid for any purpose.

No Stock Certificate will be issued and no bearer bond will be made available unless the Stock to be represented thereby is fully paid.

DETERMINATION OF RATE OF INTEREST AND ISSUE PRICE

The Stock will have attached such rate of interest and be issued at such price as will result in the Stock having a gross redemption yield determined on the basis described below (the "Issue Yield").

The Issue Yield shall mean the sum of 1.40 per cent. and the gross redemption yield, rounded to three places of decimals (with 0.0005 being rounded upwards), on 13½ per cent. Treasury Stock 2004-08 at 3.00 p.m. (London time) on Wednesday, 20th February, 1985, the price of such Treasury Stock to be determined by Samuel Montagu & Co. Limited to be *the arithmetic mean of the bid and offered prices quoted on a dealing* basis for settlement on the following business day by three jobbers in the Gilt-edged market. The gross redemption yield will be expressed as a percentage and will be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries Vol. 105, Part 1, 1978, Page 18.

The *rate of interest attaching to the Stock, which will* be determined by Samuel Montagu & Co. Limited, will be an integral multiple of one-eighth of one per cent. and will be as high as possible consistent with an issue price as near as possible to, but not less than, £94 per cent. The issue price *will also be determined by Samuel Montagu & Co. Limited* and will be expressed as a percentage rounded to three places of decimals (with 0.0005 being rounded downwards).

It is intended that notice of the Issue Yield, rate of interest, issue price and the amount of the first interest payment will be published in the *Financial Times* or *The Times* on Thursday, 21st February, 1985.

PARTICULARS OF THE STOCK

The issue of the £60,000,000 Loan Stock 2010 (the "Stock") of Spain was authorised by resolution of the Council of Ministers passed on 9th January, 1985 and will be constituted by a Deed Poll to be entered into by Spain. The following includes a summary of, and is subject to, certain detailed provisions of the Deed Poll, copies of which will be available for *inspection at the offices of the Registrar, Exchange Agent and Paying Agents* referred to below.

Status

The Stock will be a direct, unsecured obligation of Spain and will rank, subject to "Negative Pledge" below, at least *pari passu* with all other existing and future unsecured Indebtedness of Spain. "Indebtedness" means all indebtedness of Spain *in respect of:—*

(a) moneys borrowed by Spain; and

(b) guarantees given by Spain for moneys borrowed by other persons.

Negative Pledge

Spain will undertake that so long as the Stock remains outstanding (as defined in the Deed Poll) *it will not create any mortgage*, pledge or other charge upon the whole or any part of its present or future revenues, property or assets to secure any present or future External Indebtedness without securing the outstanding Stock *pari passu* therewith. "External *Indebtedness" means Indebtedness which is expressed or denominated in a* currency or currencies other than pesetas or which is, at the option of the person entitled thereto, payable in a currency or currencies other than pesetas, or which is payable at a rate or in an amount determined by *reference* to a currency or currencies other than pesetas.

Interest

The Stock will bear interest from 27th February, 1985 at a rate per annum to be determined in accordance with "Determination of Rate of Interest and Issue Price" above. Interest will be payable (less, where applicable, United Kingdom income tax) by equal half-yearly instalments on *24th March* and 24th September (the "Interest *Payment* Dates") in each year except that the first payment of interest in respect of the period from 27th February, 1985 to 24th September, 1985 will be made on 24th September, 1985 and will be calculated using the following formula:—

$$£I = \left(\frac{135}{365} \times \frac{30}{P} \times R\right) + \left(\frac{74}{365} \times R\right)$$

where £I is the first payment of interest on £100 nominal amount of Stock,
R is the percentage rate of interest attaching to the Stock and
P is the issue price.

Interest will cease to accrue on the Stock on the due date for *redemption thereof unless payment of principal is improperly withheld or* refused.

Form

The Stock will be available either in registered form ("Registered Stock") or, at the option of the person entitled thereto, in bearer form ("Bearer Stock"). On or after 2nd August, 1985 and subject as provided *below, Registered Stock may be exchanged in nominal amounts of £5,000 or* integral multiples thereof for Stock in bearer form and Bearer Stock may be exchanged for Registered Stock. Bearer Stock will be represented by bearer bonds which will be available in the denomination of £5,000 each (the "Bearer Bonds") and on issue an interest coupon (a "Coupon") will be attached to each Bearer Bond in respect of each Interest Payment Date following the date of issue of such Bearer Bond, provided that, in the case of a Bearer Bond issued pursuant to an application received during the period commencing on the day following a Record Date (as defined below) and expiring on the immediately succeeding Interest Payment Date (both inclusive), no Coupon will be attached in respect of that immediately *succeeding Interest Payment Date.*

Applications for Bearer Stock made before 2nd August, 1985 (being the date of the issue of definitive documents of title) must be made on or before 12th July, 1985 in accordance with the instructions contained in the allotment letter which will be despatched to persons to whom Stock is allotted (see "Delivery" above). On or after such date of issue of definitive documents of title, applications for exchange must be made on the forms available *at the specified offices of each of the Registrar, the Exchange Agent,* the Principal Paying Agent and the other Paying Agents referred to below and must be made by the registered holders of Registered Stock or the holders of Bearer Bonds, as the case may be, lodging such forms duly completed at the specified office of the Exchange Agent. Such exchange will only be made on payment of such costs and expenses as may be incurred in connection therewith.

An application for Bearer Bond(s) in *exchange for* Registered Stock shall have attached thereto the Stock Certificate(s) to which such application relates and an application for Registered Stock in exchange for Bearer Bond(s) shall have attached thereto the Bearer Bond(s) to which such application relates together with all unmatured Coupons appertaining thereto. Failing presentation of all unmatured Coupons appertaining to any Bearer Bond, no exchange will be made in respect thereof. In the case of an application received during the period commencing on the day following a Record Date and expiring on the day before the next Interest Payment Date (both inclusive), a Coupon falling due for payment on such Interest Payment Date shall, for the purposes of this paragraph, be deemed to have matured (*and shall, if surrendered with such Bearer Bond, be returned to or held to* the order of the holder thereof). If the Stock Certificate attached to an application for Bearer Bonds in exchange *for* Registered Stock relates to a greater nominal amount of Stock than that in respect of which such application for exchange is made or relates to a nominal amount of Stock which is not an integral multiple of £5,000, the balance of such Stock will remain in registered form and a new Stock Certificate will be issued to the *holder in respect thereof. All applications for the exchange of Registered* Stock for Bearer Bonds and *vice versa* will be irrevocable. An application shall be deemed to be made on receipt by the Exchange Agent of a duly *completed exchange form.*

The initial Exchange Agent is Lloyds Bank Plc and its specified offices are at Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU and Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA or such other place or places in Great Britain as Spain may from time to time agree and notify to Stockholders in accordance with "Notices" below. Spain reserves the right to terminate the appointment *of the Exchange Agent provided that no such termination shall take effect* until a new Exchange Agent having a specified office in Great Britain has been appointed and notice of its appointment has been given to Stockholders in accordance with "Notices" below.

Bearer Bonds issued in exchange for Registered Stock and Stock Certificates in respect of Registered Stock issued in exchange for Bearer Bonds will be available *for delivery at any specified office of the Exchange* Agent or will be despatched, in accordance with the instructions contained in the application, in each case within three business days of receipt of the relevant application duly completed and accompanied by the relevant Bonds *and Coupons or, as the case may be, Stock Certificates and subject to* compliance with any applicable fiscal or other laws or regulations.

Transfer

The Register and Transfer Office for the Registered Stock will be at the specified office of the Registrar. The initial Registrar is Lloyds Bank Plc and its specified office is at Registrar's Department, Goring-by-Sea, *Worthing, West Sussex BN12 6DA or such other place or places in Great* Britain as Spain may from time to time agree and notify to the Stockholders in accordance with "Notices" below. Spain reserves the right to terminate the appointment of the Registrar provided that no such termination shall take effect until a new Registrar having a specified office in Great Britain has been appointed and notice of its appointment has been given to Stockholders in accordance with "Notices" below.

Registered Stock will be transferable in amounts and multiples of one penny by an instrument in writing as if the Stock were a security to which Section 1 of the Stock Transfer Act 1963 of Great Britain applied. The Bearer Bonds will be transferable by delivery.

Redemption

(a) Mandatory Redemption

Spain will redeem the Stock (unless previously purchased and cancelled) at par on 24th March, 2010.

(b) Purchases

Spain may at any time purchase Stock in the open market at any price or by private agreement at a price (exclusive of accrued interest and expenses) not exceeding 115 per cent. of the middle market quotation of the Stock on The Stock Exchange in London (or, failing such quotation, on such *other stock exchange or securities market* on which the Stock is listed for the time being) at the close of business on the last business day before the date of purchase, but not otherwise.

(c) Cancellation

Stock so redeemed or purchased shall be cancelled forthwith and will not be available for re-issue.

Payments

In the case of Registered Stock, payments of principal and interest will be made in pounds sterling by cheque or warrant, drawn on a Town Clearing Branch of a bank in the City of London, which will be posted, no later than the due date for the relevant payment, at the Stockholder's risk, to persons who are registered as Stockholders at the close of business on the relevant Record Date or to their nominated agents and made payable to such Stockholders, subject in all cases to fiscal and other laws applicable thereto. In the case of joint holders in respect of a particular holding, the cheque or warrant (made payable to all such holders) will be sent to the first named on the Register unless instructions to the contrary are given in writing to the *Registrar by all such holders. The "Record Date" shall mean the thirtieth* day before an Interest Payment Date but should such thirtieth day fall on a day on which the specified office of the Registrar is not open for business, then the Record Date shall mean the first day thereafter on which such specified office is open for business.

In the case of Bearer Stock, payments of principal will only be made against surrender of the Bearer Bonds and, subject as mentioned below, *payments of interest will only be made against surrender of Coupons, at the* specified office of the Paying Agent in London in pounds sterling or, at the option of the bearer, at the specified office of any Paying Agent by a cheque

Kingdom of Spain

in pounds sterling drawn on, or by transfer to an account in pounds sterling maintained by the payee with, a bank in London, subject in all cases to fiscal and other laws applicable thereto.

Bearer Bonds should be surrendered for redemption together with all unmatured Coupons, failing which the face value of any missing unmatured Coupon (or, in the case of partial payment in respect of any Bearer Bond being made, the proportion of such face value which the amount of the partial payment bears to the principal amount due in respect of the Bearer Bond) will be deducted from the principal sum due for payment. Any amounts of principal so deducted will be paid in the manner mentioned in the preceding paragraph against surrender of the relevant missing Coupon at any time before the expiry of a period of 10 years after the due date for such redemption, whether or not such Coupon would otherwise have become void pursuant to "Prescription" below.

If the due date for payment of any amount of principal or interest in respect of any Bearer Bond or Coupon is not a day on which banks are open for business in the location of the specified office of the Paying Agent at which the Bearer Bond or Coupon in question is presented for payment and (in the case of payment by transfer to an account maintained by the payee in London as referred to above) on which dealings in pounds sterling may be carried on in both London and in such place, then the holder thereof shall not be entitled to payment of such amount until the next following such day in such place or places or to any interest or other sum in respect of such delay.

If the redemption date for any Bearer Bond is not an Interest Payment Date, interest accrued since (and including) the last preceding Interest Payment Date, and any interest accruing on any Bearer Bond the payment of which has been improperly withheld or refused, will be paid only to the holder, against surrender, of the relevant Bearer Bond.

The initial Paying Agents and their specified offices are listed below. Spain will at all times maintain a Paying Agent in London and in one country in continental Europe. The Stockholders will be notified in accordance with "Notices" below of the replacement of any Paying Agent, any change in the specified office of a Paying Agent and the appointment of any additional Paying Agents.

Taxation

All payments of principal and interest made by Spain in respect of the Stock will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Spain, or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, or if any payment of any taxes, duties, assessments or governmental charges of whatever nature is required by any authority of or in Spain to be made in relation to any amount received or receivable in respect of the Stock (including, without limitation, any corporation tax (*Impuesto sobre Sociedades*) or individual income tax and any penalty or charges related to any such tax), Spain will pay such additional amounts as may be necessary in order that the net amounts received by the Stockholders after such withholding, deduction or payment shall equal the respective amounts of principal and interest which would have been receivable in respect of the Stock in the absence of such withholding, deduction or payment except that no such additional amounts shall be payable in respect of any payment on any Stock:—

(i) the holder (being a person on the Register in respect of Registered Stock or, as the case may be, the holder of the relevant Bearer Bond or Coupon which is presented for payment in respect of Bearer Stock) of which is liable to such taxes, duties, assessments or governmental charges in respect of such Stock by reason of his having some connection with Spain other than the mere ownership of the Stock; or

(ii) (in the case of Bearer Bonds or Coupons) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of 30 days.

As used herein, the "Relevant Date" means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount of the money payable has not been received in London by the Principal Paying Agent on or prior to such due date, the date on which, the full amount of such money having been so received, notice to that effect shall have been duly given to Stockholders in accordance with "Notices" below.

Spain will accept all obligations to act as representative of a Stockholder not resident in Spain in connection with Spanish taxes, duties, assessments or governmental charges which are payable by him as mentioned above in this paragraph "Taxation". Spain shall deliver to the Registrar satisfactory evidence that all such Spanish taxes, duties, assessments and governmental charges have been duly remitted to the appropriate authority, together with all notices referring to the same and the Registrar will make such evidence and notices available to Stockholders at its specified office upon request by any Stockholder.

Any reference in these "Particulars of the Stock" to principal and/or interest in respect of the Stock shall be deemed also to refer to any additional amounts which may be payable under this paragraph "Taxation".

Events of Default

If any of the following events shall have occurred and be continuing, each Stockholder may, by written notice given to Spain at the specified office of the Registrar, declare his Stock due and payable and such Stock accordingly shall become immediately repayable, together with accrued interest:—

(i) if Spain shall default for more than 30 days in any payment of interest due in respect of the Stock or any part of it; or

(ii) if Spain shall default in the performance of any other covenant in respect of the Stock and such default shall continue for a period of 30 days after written notice thereof shall have been given to Spain at the specified office of the Registrar by the holder of any Stock; or

(iii) if any indebtedness for borrowed moneys of Spain shall become prematurely payable or repayable following a default and payment thereof is validly demanded or if steps are justifiably taken to enforce any security for any indebtedness for borrowed moneys of Spain or if Spain defaults in the payment or repayment of any indebtedness for borrowed moneys of Spain on the maturity thereof as extended by any days of grace originally applicable or any guarantee given by Spain of borrowed moneys of others shall not be honoured when due and called, save in each case to the extent that Spain has disputed its liability and legal proceedings have been threatened or have commenced before a competent court.

Prescription

If any principal or interest in respect of Stock which was Registered Stock on the due date for payment of such principal or interest remains unclaimed for a period of 10 years (in the case of principal) or 5 years (in the case of interest) from the later to occur of (i) such due date for payment thereof and (ii) the date on which the cheque or warrant in payment thereof was first despatched, such principal or (as the case may be) interest shall, at the end of such 10-year or (as the case may be) 5-year period, be forfeited and revert to Spain and the rights in respect of the person otherwise entitled thereto shall become void.

Each Bearer Bond and (except as mentioned in "Payments" above) each Coupon will be void unless surrendered for payment within a period of 10 years and 5 years, respectively, from the Relevant Date (as defined in "Taxation" above) therefor.

Replacement of Stock Certificates, Bearer Bonds and Coupons

If any Stock Certificate, Bearer Bond or Coupon is mutilated, defaced, destroyed, stolen or lost it may be replaced at the specified office of the Registrar (in the case of a Stock Certificate) or of the Exchange Agent (in the case of a Bearer Bond or Coupon) upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as Spain may require. Mutilated or defaced Stock Certificates, Bearer Bonds or Coupons must be surrendered before replacements will be issued.

Title to Registered Stock, Bearer Bonds and Coupons

Spain, any Paying Agent and the Exchange Agent may treat the holder of any Bearer Bond or Coupon as the absolute owner thereof (whether or not such Bearer Bond or such Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon) for the purpose of receiving payment and for all other purposes.

Spain, the Registrar and the Exchange Agent shall be entitled to treat the person(s) whose name(s) appear(s) in the Register as having an absolute right to the Registered Stock to which such entry relates, and shall not be bound to recognise any equitable, contingent, future or partial interest or any other right in respect of such Registered Stock.

Notices

All notices will be valid if despatched by post to each Stockholder at his registered address (in the case of joint holders, to the address of the holder whose name stands first in the Register) and if published in one leading daily newspaper printed in the English language and with general circulation in London or, if this is not practicable, in a newspaper printed in the English language having general circulation in Europe. It is expected, however, that publication of such notices will normally be made in the *Financial Times*. Any such notice will be deemed to have been given on the later of the day following the date of such despatch and the date of the first such publication.

Further Issues

If Spain wishes to issue further stock so as to form a single issue with the Stock, it shall be at liberty to constitute such further stock by a supplemental deed on terms that it shall be or become consolidated and form a single issue with the Stock.

Modification of Rights

The conditions of the Stock and the provisions of the Deed Poll and the rights of the Stockholders are subject to modification by Extraordinary Resolution of the Stockholders as provided in the Deed Poll.

Governing Law, Jurisdiction and Waiver of Immunity

The conditions of the Stock and the provisions of the Deed Poll will be governed by and construed in accordance with the laws of England.

Spain will waive in any suit, action or proceeding arising out of or in connection with the Stock ("proceedings"), to the fullest extent that it is legally able to do so and without prejudice in any case to the provisions of Article 44 of the General Budgetary Law of 4th January, 1977, Number 11, any immunity to which it might otherwise be entitled in proceedings brought in the English courts and, for the benefit of the Stockholders, will irrevocably submit to the non-exclusive jurisdiction of such courts. Without prejudice in any case to the provisions of Article 44 of the General Budgetary Law of 4th January, 1977, Number 11, Spain will consent generally in respect of any proceedings arising out of or in connection with the Stock to the giving of any relief or the issue of any process in the English courts in connection with such proceedings including, without limitation, the making, enforcement or execution against any property of any judgment which may be given in such proceedings provided, however, that Spain shall not thereby waive any immunity from enforcement against, or execution or attachment of, any property or assets of Spain which under the Vienna Convention on Diplomatic Relations signed in 1961 or the Vienna Convention on Consular Relations signed in 1963, would be considered "inviolable" property of a "sending State". Spain will designate and appoint the Consul General in London for the time being representing Spain as its authorised agent for the receipt of any writ, judgment or other process in connection with proceedings in England and will agree that any writ, judgment or other process shall be sufficiently and effectively served on Spain if delivered to the said Consul General at his official address (or, if none, his address) for the time being in England or, failing such procedure, in any other manner permitted by Spanish law or, if consistent with international practice, English law.

USE OF PROCEEDS

The net proceeds to be received by Spain from the issue of the Stock will be used by Spain to finance budgetary expenditure.

STOCK EXCHANGE DEALING

The Stock in both registered and bearer forms will be dealt in on The Stock Exchange in London in the Gilt-edged market. The Stock will normally be traded for settlement and delivery on the working day after the date of the transaction.

Under current market practice, the price of the Stock will be quoted inclusive of accrued interest until the Stock has five years or less to run until final maturity.

It is expected that dealings on The Stock Exchange will begin on Friday, 22nd February, 1985, without documents of title and at seller's risk, for deferred settlement on Thursday, 28th February, 1985.

UNITED KINGDOM TAXATION

In the case of interest payable in respect of Registered Stock, United Kingdom income tax at the basic rate (currently 30 per cent.) will be deducted from each payment and accounted for to the Inland Revenue, except that, under current law and Inland Revenue practice, payments will be made gross:—

(a) to persons whose registered addresses are outside the United Kingdom, provided that:—

(i) the payments are made directly to an address abroad other than a branch of a United Kingdom company (including a bank); and

(ii) the Registrar does not recognise the person as a resident of the United Kingdom for tax purposes and does not recognise that the payment is being made, directly or indirectly, to, or for the account of, such a person, including a branch abroad of such a person; or

(b) to a bank in the United Kingdom recognised as such by the Inland Revenue provided that such bank certifies that it is the owner of such Stock and is beneficially entitled to the interest.

Persons who are not resident for tax purposes in the United Kingdom may apply for exemption from United Kingdom income tax on interest payable in respect of Registered Stock on grounds of non-residence by sending a claim form A3 to the Inspector of Foreign Dividends.

In the case of interest payable in respect of Bearer Bonds through a Paying Agent in the United Kingdom, United Kingdom income tax at the basic rate will be deducted from each payment and accounted for to the Inland Revenue unless, under current law and Inland Revenue practice:—

(a) evidence is produced that the beneficial owner of the Bearer Bonds and Coupons in question is not resident in the United Kingdom for tax purposes; or

(b) payment is made to a bank in the United Kingdom recognised as such by the Inland Revenue and such bank certifies that it is the owner of such Stock and is beneficially entitled to the interest.

Payments of interest in respect of Bearer Bonds through a Paying Agent outside the United Kingdom will, under current law and Inland Revenue practice, be made free of any United Kingdom withholding tax.

Stockholders who are liable to United Kingdom tax on capital gains should note that the Finance Act 1984 exempts from tax capital gains (and disallows capital losses) on Stock if the Stock is held by them for more than one year.

THE KINGDOM OF SPAIN

The Kingdom of Spain consists of 50 provinces of which 47 are on the mainland of the Iberian peninsula. Of the remaining three, one province is in the Balearic Islands and the other two are in the Canary Islands. The 50 provinces occupy a total land area of 504,696 square kilometres. In addition, the cities of Ceuta and Melilla, situated on the coast of North Africa, are part of Spain.

At the end of 1983, Spain's population was estimated at approximately 38 million, corresponding to a density of approximately 75 persons per square kilometre. The population growth rate during the past decade has averaged approximately 1 per cent. per annum.

Spain is a parliamentary monarchy. King Juan Carlos I ascended the throne as Head of State in November, 1975. Legislative power is vested in the Parliament (*Las Cortes*), which is composed of the Congress and the Senate whose members are elected by universal suffrage for a term of four years.

Spain is a member of the United Nations, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the African Development Bank, the International Monetary Fund and the Organisation for Economic Co-operation and Development ("OECD"). Spain is also a party to the General Agreement on Tariffs and Trade. Since 1970, Spain's relations with the European Economic Community ("EEC") have been governed by a preferential trade agreement signed with the six original members of the EEC. In July, 1977 Spain applied officially for membership of the EEC. Formal negotiations commenced in February, 1979 and entry is expected in 1986. This will be followed by a protracted transitional period, possibly lasting 10 years in some sectors of the economy. Spain became a political member of the North Atlantic Treaty Organisation in May, 1982, but has not, as yet, applied for full military membership.

The present government under Prime Minister Sr. Felipe Gonzalez took office in December, 1982. Its stated objectives are to control inflation, reduce Spain's current account balance of payments deficit and reduce the state budget deficit. It has followed a tight monetary policy combined with strong fiscal measures. The success of the government's policies since it took office is evidenced by the decrease in the projected annual rate of inflation for 1984 to 9 per cent. from an annual rate of 14 per cent. for 1982, while the balance of payments is projected to be Ptas 332 billion in surplus for 1984 compared with a deficit of Ptas 466 billion in 1982. On the other hand, Spain's budget deficit for 1984 is projected to be Ptas 1,341 billion compared to Ptas 1,067 billion in 1982.

In 1983, Spain's GDP of Ptas 22,683 billion, representing 2.1 per cent. real growth over 1982, ranked eighth among OECD members and has increased since 1979 at an average annual real rate of 1 per cent. Per capita income increased from Ptas 328,082 in 1979 to Ptas 591,310 in 1983. In 1983, services accounted for 58.1 per cent. of GDP (compared with 55.4 per cent. in 1979), while industry and mining accounted for 35.6 per cent. (36.7 per cent. in 1979), and agriculture, forestry and fisheries provided the remaining 6.3 per cent. of GDP (7.9 per cent. in 1979).

The agricultural sector, which has diminished in importance over the past several decades, produces cereals, citrus fruits, olive oil, wine and other products for both domestic use and export. The industrial sector has increased in relative importance, although its growth slowed down during the period 1979-1982 due to the recession of the international economy, the loss of international competitiveness caused by domestic wages rising faster than the depreciation of the peseta and the impact of the world oil crisis on an economy heavily dependent on energy imports. Since 1983, the industrial sector has shown signs of improvement. Based on an anticipated GDP increase of 2.5 per cent. and a strong rise in export demand for industrial products, industrial growth of 3 per cent. is forecast for 1984. Unemployment, however, has increased from 10 per cent. in 1979 to 20 per cent. at 30th June, 1984, partly as a result of government policies to rationalise employment in the public sector, primarily in state-owned industries.

Foreign investment into Spain has been increasing steadily since 1977 when the government introduced additional incentives to encourage investment from abroad. It amounted to Ptas 243 billion in 1983 and Ptas 228 billion for the first 9 months of 1984. The industrial sectors of steel, engineering and chemicals have received the largest volume of direct foreign investment. France was the largest source of foreign investment in 1983.

The tourist industry represents a significant source of revenue for Spain as a result of its favourable climate, location and culture. The tourist industry employed approximately 1.2 million workers and produced gross revenues of Ptas 990 billion in 1983 compared with Ptas 433 billion in 1979. Over the 1979-1981 period of relatively high oil prices, net revenues from tourism offset over 60 per cent. of the balance of trade deficit.

The Government has encouraged increased use of coal and other alternatives to imported oil. In 1983, the volume of oil imports remained virtually the same as in 1982, following a decline of 7.6 per cent. from 1981. Since 1979, oil has declined from 69 per cent. of primary energy consumed to 53 per cent. in 1983, while at the same time the use of coal has increased from 15 per cent. to 29 per cent. Government schemes to encourage the mining of domestic coal deposits have resulted in an 80 per cent. increase in production since 1979 to 39 million tonnes in 1983. Domestic crude oil production was some 3.0 million tonnes in 1983 compared to 1.5 million tonnes in 1982. Coal and oil account for 66 per cent. of total electricity supply, hydropower 25 per cent. and nuclear power 9 per cent.

In 1983, Spain showed a balance of trade deficit of Ptas 1,044 billion, 2.7 per cent. higher than in 1982. Imports totalled Ptas 4,040 billion in 1983 compared with Ptas 3,358 billion in 1982. Exports amounted to Ptas 2,996 billion in 1983 compared with Ptas 2,341 billion in 1982. During the first 9 months of 1984, imports amounted to Ptas 3,364 billion and exports to Ptas 2,766 billion, resulting in a trade deficit of Ptas 598 billion. This compares with a deficit of Ptas 1,004 billion for the same period in 1983.

The current account balance of payments deficit was Ptas 327 billion in 1983, 30 per cent. lower than in 1982. During the first 9 months of 1984, there was a current account surplus of Ptas 196 billion compared with a deficit of Ptas 380 billion for the same period in 1983. As a consequence of this improvement in the balance of payments, Spain's external reserve position has also improved. International reserves at 30th September, 1984 stood at U.S.$15.7 billion, compared with U.S.$10.7 billion at 30th September, 1983.

The overall state budget deficit, including capital and other expenditures, amounted to Ptas 1,231 billion (5.4 per cent. of GDP) in 1983 compared to Ptas 1,067 billion (5.4 per cent. of GDP) in 1982. For the first 9 months of 1984, the overall budget deficit amounted to Ptas 1,086 billion compared with Ptas 906 billion for the comparable period in 1983.

Total public sector debt of Ptas 5,423 billion (£23,837 million) as at 31st December, 1983 represented approximately 23.9 per cent. of Spain's GDP for that year (compared with 18.7 per cent. at the end of 1982) of which Ptas 2,201 billion (£9,675 million or 40.6 per cent.) was external debt. At 30th September, 1984, total public sector debt stood at Ptas 7,748 billion (£34,057 million) of which Ptas 2,491 billion (£10,949 or 32 per cent.) was external debt. Total public and private sector external debt stood at Ptas 4,617 billion (£20,295 million) at 31st December, 1983 and Ptas 5,205 billion (£22,879 million) at 30th September, 1984. Debt service payments for interest and principal on total public and private sector external debt amounted to Ptas 956 billion (£4,202 million) in 1983 representing 19.8 per cent. of exports of goods and services.

Full debt service has been paid when due upon all external debt issued by Spain as well as upon all external debt borrowed by others and guaranteed by Spain.

GENERAL INFORMATION

Underwriting Arrangements

By an Underwriting Agreement dated 18th February, 1985, Samuel Montagu & Co. Limited, Barclays Merchant Bank Limited, Baring Brothers & Co., Limited, County Bank Limited, Grindlay Brandts Limited, Hambros Bank Limited, Hill Samuel & Co. Limited, Kleinwort, Benson Limited, Lloyds Bank International Limited, Morgan Grenfell & Co. Limited, J. Henry Schroder Wagg & Co. Limited, S. G. Warburg & Co. Ltd. and Banco de Bilbao, S.A. (the "Underwriters") have agreed with the Kingdom to underwrite the issue of the Stock and the payment of £30 per cent. of the nominal amount thereof. The Underwriting Agreement is subject to certain conditions and Samuel Montagu & Co. Limited, on behalf of the Underwriters, and in certain circumstances the Kingdom may terminate the Underwriting Agreement if such conditions are not fulfilled. If the Underwriting Agreement is so terminated, no applications for the Stock will be accepted or, as the case may be, acceptances of applications for Stock will become void.

The Kingdom has agreed to pay to the Underwriters commissions aggregating 125p per £100 of Stock for their services as managers and underwriters of the issue, out of which will be paid commissions to the brokers to the issue (W. Greenwell & Co. and Rowe & Pitman) and certain other persons who have been offered, on behalf of the Kingdom, and have accepted sub-underwriting participations in respect of the issue of the Stock. The Kingdom will also pay brokerage of 12½p per £100 of Stock to recognised Banks or Stockbrokers (as defined in "Terms of Payment in respect of Applications" above) on allotments made in respect of applications on forms bearing their stamp; this commission will not, however, be paid in respect of any allotment which arises out of an underwriting commitment. The total expenses of the issue (including the above-mentioned commissions but excluding brokerage) are estimated to amount to approximately £890,000 and are payable by the Kingdom.

General

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not contained herein must not be relied upon as having been authorised by the Kingdom or the Underwriters. This Prospectus does not constitute an offer of, or an invitation to subscribe, the Stock in any jurisdiction to any person to whom it is unlawful to make such an offer or invitation in such jurisdiction.

Euro-clear and CEDEL have accepted the Bearer Bonds for clearance under reference nos. 11358 (Euro-clear) and 353320 (CEDEL).

Under present legislation, Stock in both registered and bearer forms is transferable free from United Kingdom stamp duty.

The Kingdom will pay all Spanish taxes, duties, assessments and governmental charges in respect of the Stock subject to and in accordance with "Particulars of the Stock—Taxation" above.

The Stock is not an investment falling within the First Schedule to the Trustee Investments Act 1961.

Certain amounts herein are expressed in Spanish pesetas (referred to as "Ptas") and have been translated into pounds sterling using a rate of £1 = Ptas 227.50 (which was the rate of exchange prevailing on 30th December, 1983). At 10.00 a.m. on 13th February, 1985, the middle rate between the buying and selling spot delivery rates for Spanish pesetas quoted on the London foreign exchange market was £1 = Ptas 198.25.

Documents for Inspection

Copies of the following documents will be available for inspection at the offices of Allen & Overy, 9 Cheapside, London EC2V 6AD during normal business hours until 5th March, 1985:—

(i) the Underwriting Agreement referred to above;

(ii) a draft, subject to modification, of the Deed Poll referred to above (including the texts of a Stock Certificate and a Bearer Bond);

(iii) the Resolution of the Council of Ministers dated 9th January, 1985; and

(iv) page 18 of the Journal of the Institute of Actuaries Vol. 105, Part 1, 1978.

Additional Copies

Copies of the Prospectus and application form may be obtained until 5th March, 1985 from:—

Samuel Montagu & Co. Limited,
114 Old Broad Street, London EC2P 2HY.

Lloyds Bank Plc,
Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU, and
Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA.

W. Greenwell & Co.,
Bow Bells House, Bread Street, London EC4M 9EL.

Rowe & Pitman,
1 Finsbury Avenue, London EC2M 2PA.

Company Announcements Office (until 21st February, 1985 only)
The Stock Exchange, Old Broad Street, London EC2N 1HP.

Receiving Bank

Lloyds Bank Plc
Registrar's Department
Issue Section
111 Old Broad Street
London EC2N 1AU

Registrar and Transfer Office

Lloyds Bank Plc
Registrar's Department
Goring-by-Sea
Worthing
West Sussex
BN12 6DA

Principal Paying Agent and Exchange Agent

Lloyds Bank Plc
Registrar's Department
Issue Section
111 Old Broad Street
London EC2N 1AU
and
Registrar's Department
Goring-by-Sea
Worthing, West Sussex
BN12 6DA

Paying Agents

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
P.O. Box 1108
Luxembourg

Morgan Guaranty Trust Company of New York
35 Avenue des Arts
B-1040 Brussels
Belgium

Legal Advisers in England to Spain

Allen & Overy
9 Cheapside
London EC2V 6AD

Legal Advisers to the Underwriters

Slaughter and May
35 Basinghall Street
London EC2V 5DB

Uria & Menendez
Hermosilla 30
Madrid 1
Spain

Brokers

W. Greenwell & Co.
Bow Bells House
Bread Street
London EC4M 9EL
and
The Stock Exchange in London

Rowe & Pitman
1 Finsbury Avenue
London EC2M 2PA
and
The Stock Exchange in London

APPLICATION FORM

The application list will open at 10.00 a.m. on Thursday, 21st February, 1985 and will close later the same day.
This form must be lodged with Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU.

KINGDOM OF SPAIN

Issue on a yield basis of £60,000,000 Loan Stock 2010

Payable as follows: On application £30 per cent. On or before 12th July, 1985, the balance of the issue price.

To: Samuel Montagu & Co. Limited on behalf of the Kingdom of Spain ("Spain").

In accordance with the terms of the Prospectus dated 19th February, 1985, I/we apply as below. I/We irrevocably undertake to accept the amount of Stock applied for or any smaller amount that may be allotted in respect of this application and to pay for the same in conformity with the terms of the said Prospectus.

Nominal amount of the Stock applied for	Amount enclosed at £30 per cent. of the nominal amount applied for
£	£

Note: Applications must be for a minimum of £100 nominal amount of Stock and thereafter for the following multiples of Stock.

Amount of Stock applied for	*Multiple*	*Amount of Stock applied for*	*Multiple*
£100 – £1,000	£100	£10,000 – £100,000	£10,000
£1,000 – £10,000	£1,000	£100,000 or greater	£100,000

I/We enclose a cheque* in pounds sterling drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses, made payable to "Lloyds Bank Plc" and crossed "Spain Loan" representing payment at the rate of £30 per cent. of the above-mentioned nominal amount of Stock. In consideration of Spain agreeing to allot the Stock on and subject to the terms and conditions of the Prospectus and of the Underwriting Agreement referred to therein, I/we agree that this application shall be irrevocable until 28th February, 1985 and that this sentence shall constitute a collateral contract between Spain and me/us which shall become binding upon the despatch by mail or the delivery of this application form duly completed to Lloyds Bank Plc. I/We understand that the completion and delivery of this application form accompanied by my/our cheque constitutes a representation that the same will be honoured on first presentation. I/We hereby engage with Spain to pay the balance payable on the Stock by 12th July, 1985 in accordance with the terms as to payment set out in the Prospectus on any allotment made to me/us in respect of this application and I/we understand that failure to pay such balance by the due date will render the amount previously paid liable to forfeiture and the allotment liable to cancellation. Interest at the rate of two per cent. per annum above the Base Rate of Lloyds Bank Plc from time to time may be charged on the balance of the amount payable on the Stock, if accepted after its due date. Spain further reserves the right, in default of payment of such balance, to sell the Stock fully paid for its own account. I/We acknowledge that any allotment letter and (if appropriate) remittance for any application moneys returnable to me/us is liable to be held pending clearance of such cheque.

I/We hereby request that any Stock allotted to me/us be evidenced by an allotment letter addressed to me/us and be sent by post at my/our risk to me/us at the first address shown below.

* *A separate cheque must accompany each application form.*

Please pin cheque here

Date: 1985

(1) *Usual signature:* ....
In the case of a corporation, the common seal must be affixed or this form signed under hand by a duly authorised officer who must state his capacity.

Forenames: ....
Surname: ....
(also state designation Mr., Mrs., Miss or title)
Address in full: ....

Joint Applicants (if any):
In the case of joint applicants all must sign.

(2) *Usual signature:* ....
Forenames: ....
Surname: ....
(also state designation Mr., Mrs., Miss or title)
Address in full: ....

(3) *Usual signature:* ....
Forenames: ....
Surname: ....
(also state designation Mr., Mrs., Miss or title)
Address in full: ....

(4) *Usual signature:* ....
Forenames: ....
Surname: ....
(also state designation Mr., Mrs., Miss or title)
Address in full: ....

Please use BLOCK LETTERS

FOR OFFICE USE ONLY

1. Acceptance number
2. Amount of Stock accepted £
3. Amount received on application £
4. Amount payable on Stock accepted £
5. Amount returned £
6. Balance payable £
7. A.L. number
8. Cheque number

Stamp of bank or broker claiming brokerage (if any) and VAT Reg. No. (if not registered put "None")

ALTERNATIVE METHOD OF PAYMENT

(This method of payment is available in respect of payments of £10,000 or more only to recognised Banks or Stockbrokers as described in the Prospectus)

We hereby engage to pay Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU, for credit to the account designated "Spain Loan — Alternative Payment" by 10.00 a.m. (London time) on Wednesday, 27th February, 1985 the amount in Town Clearing Funds representing payment at the rate of £30 per cent. of the nominal amount of the Stock in respect of which this application shall have been accepted. In consideration of Spain agreeing to allot the Stock on and subject to the terms and conditions of the Prospectus and of the Underwriting Agreement referred to therein, we agree that this engagement shall be irrevocable until 28th February, 1985 and that this sentence shall constitute a collateral contract between Spain and us which shall become binding upon despatch or delivery of this application form duly completed to Lloyds Bank Plc.

Authorised signature: ....
In the case of a corporation, the common seal must be affixed or this form must be signed under hand by a duly authorised officer who must state his capacity.

Please place a cross here if you wish to collect your renounceable letter of allotment and/or cheque for excess subscription moneys from Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU. → ☐

Name of bank or broker: ....
Address in full: ....

FT 19/2

UK COMPANY NEWS

National titles lift Fleet to £11m

Fleet Holdings, newspaper and magazine publisher, saw its *profits before tax grow* by £4.79m to £11.18m in the opening six months to December 31, 1984.

All activities except regional newspapers showed improvements.

Pre-interest profits of the group's national titles, the Daily and Sunday Express and Daily Star, rose to £4.4m (£2.19m).

The improvement here reflected a further advance in their performance and an "increasing return for the investment of considerable management effort in recent years."

Competition was no less intense but costs were kept under tight control and advertising revenue was above expectation.

The Millionaire of the Month competition launched last September was strongly promoted and led to increased sales of group national titles.

The regional newspapers' profit level remained virtually unchanged. The South Wales Argus titles suffered from the effects of the miners' strike.

Magazines provided another good performance. *In television* TV-am, in which Fleet is the largest shareholder, achieved "considerable" growth in its viewing ratings and advertising revenue and moved into profit on current trading for the first time. Its prospects for 1985 are described as bright.

Group earnings for the first six months emerged at 7.02p (5.92p) and the interim dividend is being lifted by 0.75 to 2.5 *net per 20p share.*

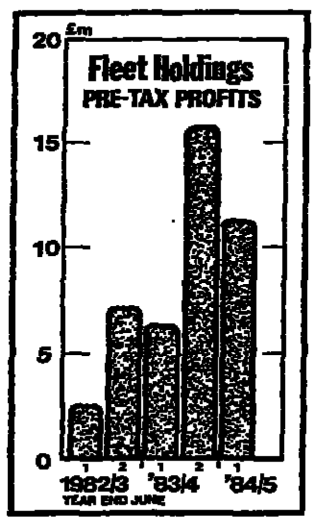
Turnover increased from £157.77m to £179.85m. Pre-tax profits included a £202,000 *(£51,000) share of results of* related companies, income from other fixed asset investments of £638,000 (£667,000), a profit on *the disposal of investments* amounting to £1.4m (the sale of the Sir Joseph Causton shareholding produced £1.38m) and other interest receivable and similar income of £750,000 (£121,000).

Deductions included other *interest payable and similar* charges totalling £243,000 (£110,000)—the comparative results also took account of *interest payable on convertible* unsecured loan stock 1997 of £147,000.

A breakdown of turnover and operating profits before interest and tax by activity shows: national newspapers £134.23m (£120.94m) and £4.4m (£2.19m), regional newspapers *£3.07m* (£2.89m) and £163,000 (£184,000), magazine publishing £36.79m (£32.01m) and £2.99m (£2.84m) and other *activities £5.75m* (£1.93m) and £883,000 (£612,000).

Tax accounted for £5.26m (£1.5m) to leave the net balance at £5.93m, compared with a previous £4.89m.

The retained surplus emerged at *£3.81m (£3.41m) after deducting interim dividend payments* of £2.11m (£1.48m).



At December 31, 1984 net asset value per ordinary share had increased *to* 203p *(170p* at June 1984). The figure included the amount attributable to the group's direct and indirect interest in Reuters Holdings based on the end-December market value of that company's shares. No amounts were in*cluded in the value for the copy*rights of the magazine and national newspaper titles.

In the regional newspaper *sector the Cornish* and *Devon* Post was acquired last December and will contribute to the profits of the group's West Country newspapers in the second six months.

Magazines showed an improvement despite a downturn by the medical titles due to Government restrictions on pharmaceutical companies.

Development costs of recently-launched magazines — wholly written off in the half year—were much in excess of those of the comparable period. Communications Systems Worldwide was launched last September and a new controlled circulation title, Debrett's Magazine, is to be published in May in association with Debrett's Peerage.

During the half year Morgan-Grampian expanded into the local free newspaper business by acquiring two neighbouring groups of titles with a combined circulation of some 500,000 copies, now formed as the North London Advertiser series.

Lord Matthews says Morgan-Grampian has excelled in applying controlled circulation techniques to business magazines and local free newspapers are "a natural extension of its business."

On the film side Fleet is financing a film based on Russell Hoban's best selling novel Turtle Diary. It will be released during 1985.

Given continued good industrial relations affords the directors encouragement for the year *as a whole.*

See Lex

Ernst & Whinney to contest £9m writ

ACCOUNTANTS **Ernst & Whinney** are to contest an £8.9m writ from **Ruberoid**, the bituminous roofing and cladding group, alleging negligence in its audit of the 1982 accounts at Camrex (Holdings), the marine and industrial paint maker taken over by Ruberoid the following year.

In its first six months with Ruberoid, Camrex turned in a £1.1m trading loss which the new parent described at the time as "*wholly unexpected.*" Dr John Roberts, Ruberoid's managing director, said yesterday that Camrex was still not trading profitably.

The amount sought in the writ includes the full £6m price paid in the agreed deal, plus £1m in associated costs and £1.9m in loans made to Camrex subsequently. It alleges that profits and assets for the year to December 1982 were overstated, with no provision being made for £482,800 costs arising from a French lawsuit.

Mr Peter Mendelssohn, finance partner at Ernst and Whinney, said: "We will be defending this vigorously. At the relevant time there was no way by which these factors could reasonably be quantified."

The 1982 year was the accountants' first with Camrex: Thornton Baker, which had been its auditors for some years, resigned that September. Thornton Baker said at that time that there were no circumstances which they "considered should be brought to the notice *of members or creditors of the* company."

Mr Mendelssohn said: "We were in the saddle only for a brief time, but we think that we did all that was appropriate to do."

The first set of accounts produced for a company were always more time-consuming, he added, and Ernst & Whinney had put in the necessary effort.

The firm is now preparing a line-by-line rebuttal of the 26-page document as its initial response, *which it will deliver* within the next few weeks.

Strong growth by Scottish Eastern

STRONG GROWTH in earnings, arising from higher dividend receipts, and beneficial currency translation of overseas earnings has enabled the directors at Scottish Eastern Investment Trust to recommend an 11.9 per cent growth in dividend payments, while also restoring the cover for that dividend. They say that the earnings outlook for the current year is favourable.

Pre-tax profits for the year to the end of January 1985 rose from £4.97m to £6.2m, having fallen from £2.79m to £2.63m at the interim stage. The final dividend is lifted from 1.85p to 2.15p, which tops the forecast made halfway of a payment of not less than 1.9p.

The final payment raises the total dividend from 3.35p to 3.75p, with earnings per 25p share shown as ahead from 2.91p to 3.81p.

A one-for-one scrip is also proposed.

Tax for the year moved up from £1.81m to £2.1m, to give net profits of £4.11m (£3.15m).

Net asset value prior to charges at par came to 217.2p (181.4p). Prior charges at market value the figure came *to* 219p (183p)—at the halfway stage it was 167.5p.

The directors of the group, which is managed by Martin Curry, say that the growth in net asset value of about 20 per cent was restricted by the decision to reduce exposure to the risks of currency fluctuations by hedging part of the U.S. dollar portfolio.

They are confident that investment in growth equities will continue to be rewarding, given the modest forecasts for inflation.

In the early part of the year the Trust took significant profits both in North America and Japan, reducing the dollar overdraft and reducing yen loans that were outstanding at the 1984 year end. More recently, an in*creased exposure to Continental* Europe, especially West Germany, raised the proportion invested in those market to 6 per cent.

Total revenue moved up from £7.9m to £10.82m, which was comprised of £4.38m (£3.93m) in franked dividends, and £4.54m (£3.26m) in unfranked dividends. Interest on deposits came to £1.86m (£686,000), underwriting commission to £34,000 (£24,000), and interest on borrowingss to £4.05m (£2.48m). Management expenses took £559,000 (£449,000).

At the halfway stage the directors said that since the end of the opening six months world stock markets had experienced a "healthy upward move" and the overseas portfolios, in particular, had enjoyed more than their due share of this rise.

Alexanders back in black second half

Alexanders Holdings, Scotland's largest Ford main dealer, moved into profit in the second half to September 30 1984, allowing it to reduce full year pre-tax losses from £214,000 to £165,000.

Mr J. B. Loudon, chairman, said the board was confident that the group would return to profit in its next financial year.

A pre-tax loss of £348,000 was reported in the six months to March 31 1984. In his interim statement, Mr Loudon envisaged an improving trade situation in the latter half of 1984 with the re-introduction of Ford dealer incentives.

Turnover in the full year was up at £56.69m (£52.88m). There was again no tax charge but extraordinary debits rose from £5,000 to £34,000.

Loss per share was stated at 0.55p (0.7p). As in previous years, no ordinary dividend is announced. The company is proposing a one for 10 scrip issue.

Two further properties have become surplus to group needs at Edinburgh and these, along with the site at Semple Street, which housed the dealership there before Alexanders moved to Fountainbridge, are presently on the market for sale.

Temple Bar Trust sustains first half growth

Temple Bar Investment Trust's net asset value per share rose to 136.82p at the end of 1984, compared with 109.77p in 1983. Net of prior charges at market value the figure was *137.57p (110.45p).*

Earnings per share were 4.92p (4.19p), a rise of 17.4 per cent. For the six months to June 30 1984, earnings per share stood at 2.08p, a rise of 16 per cent over the equivalent period, a rate of growth which the directors felt could be difficult to sustain over the full year.

Final dividend per ordinary share is 3p, making 4.65p for the full year (4.2p).

Pre-tax profit rose to £4.1m, from £3.69m in 1983, on increased turnover of £8.07m (£4.67m). Franked investment income rose to £8.56m (£3.12m) while unfranked fell from £572,000 to £360,000. Retained profit was £154,000 (loss £8,000).

LADBROKE INDEX
Based on FT Index
968-972 (−3)
Tel: 01-427 4411

Trencherwood improves margins to beat forecast

THE FIRST set of results since Trencherwood's admission to the USM has seen the pre-tax profit forecast beaten by £85,000, with profits at £2.59m against £1.34m. Turnover of £17.13m against £10.69m produced operating profits of £2.91m (£1.64m), lifting operating margins from 15.3 to 17 per cent.

As forecast, there is to be a maiden dividend of 3p net per 10p share for the year ending October 31 1984, with earnings per share at a stated 21.04p, up from 14.61p.

Mr John Norgate, the chairman of this West Berkshire-based group which has interests in residential and commercial property development, investment and building contracting, says that the result is "creditable." As regards the current year, he warns of the difficulties of forecasting against a background of interest rates uncertainty, but says that the improvement is likely to come through in the second half.

This is because the group is making a substantial investment in construction of new homes in the current half, with these projects yielding revenue in the second.

Units taken to profit in the current half is expected to be around one-third of the total, much in line with previous years. "Every indication is that new homes will again show growth in 1985 in line with the course we have set," says Mr Norgate.

Turnover rose by some 60 per *cent, from £10.69m to £17.13m,* with the bulk of this coming from development at £14.75m against £8.81m. In the year *under review,* 88 *per cent of* sales were in West Berkshire, where the group has made a "significant investment" in a long term land bank. It is now looking to other areas for new homes production.

New projects are starting in Gloucester, Oxfordshire and Hampshire during the current year and the Land Acquisition Department is researching many possible projects in Southern England.

It is envisaged that by 1986 some 30 per cent of new homes production will be outside the West Berkshire base.

The group has maintained its land bank during 1984 and will continue to do so during 1985, says the chairman. The adoption of the West Berkshire structure plan which covers land which the group has either acquired for its long term land bank or has options to acquire, has been delayed for a year due to a revision of projected growth dates.

The total number of units taken to profit in 1984 was 271 compared to 175. Total new homes turnover was £10.4m (1983 £7.0m). West Berkshire has continued to be a strong market for new homes and it has been unnecessary for any sales incentives to be offered to purchasers.

New home sales in the first two months of the year were slow, but have accelerated considerably during the early part of 1985.

Contracting added £2.25m (£1.86m) to sales in 1983-84, but it was a difficult year with margins depressed by intense competition. Operating profit fell from £275,000 to £123,000. The chairman considers that it *is* important to maintain a presence in the contracting market, but during the current year will concentrate on the more profitable activities until better margins can be achieved.

The leasing division contributed £126,000 to group turnover *against £24,000.*

At the time of the flotation last July the group had started looking at the retirement market, *with three schemes under* consideration. Two of these schemes have now achieved planning consent, giving a capacity of 61 units. The first *of the schemes* is now under construction. The first units will be available for sale in the latter half of the current financial year.

Trencherwood has maintained its policy of covering the whole market from one-bedroomed houses to four-bedroomed executive detached, says the chairman. Towards the end of the year it purchased a site with planning for eight five-bedroomed luxury homes, each set in one acre of land. These will be sold at prices in the region of £170,000 to £180,000. This is thet gorup's first venture into this type of market and the chairman has every confidence it will be a success and that *it will* continue to maintain a presence in this sector of the market.

Commercial activities turnover rose from £1.8m to £4.4m.

Net interest payments accounted for £372,000 (£304,000), and rental income added £48,000 (£8,000). The tax charge was £865,000 (£230,000).

As regards the group's financial position, the chairman says that the balance sheet has been considerably strengthened by the addition of retained earnings, property revaluations and the capital raised in the USM placing.

Net asset value per share has risen from 68.4p last July to 86.7p at year end. Gearing has fallen from 99 per cent to 58 per cent, enabling the group to retain a low interest charge relative to its level *of activity.*

● comment

Trencherwood came to the USM with a forecast of soaring profits for 1984. That has been achieved but 1985 is not going to provide anything like as dramatic an improvement. The story behind last year's jump in pre-tax profits of over 90 per cent is based upon exceptional circumstances in both its key areas of residential and commercial development. Local authority buying to supple*ment council house building* programmes gave an unusual boost to residential sales while the commercial side was also *favoured* with a *high* level of completions. The local authority buying has to be regarded as a one-off and commercial sales tend to be lumpy anyway. So the management is faced with quite a challenge in 1985—and one made no easier by the commitment to spread beyond its native Newbury area which will mean increasing the land bank at a time of high interest rates. It *would* not be surprising to see capital *gearing* rise from last December's 58 per cent. Still, with the help of a £200,000 advance in rental income, Trencherwood should make around £3m pre-tax *this* year which is sufficient to underpin the historic p/e of 9 at 192p but does not provide the basis for anything much more.

Moracrest has 'excellent year'

THE SEVENTH full year of trading at **Moracrest Investments** has been "excellent in all respects," says Mr Jack Smith, chairman, in his annual statement. He is able to report a directors valuation of the portfolio of £15.2m, which is 58 per cent in excess of book value.

A record level of new investment, amounting to £4m in six companies, is reported, which Mr Smith says brings the broadly based portfolio to £11m, comprising 22 investments.

Pre-tax profits for the year to the end of September moved up from £1.06m to £1.72m, which, after tax of £592,000 (£315,000) and extraordinary credits of £421,000 (debits £265,000), gave a higher attributable balance of £1.55m, against £483,000.

Moracrest Investments and its subsidiary, Moracrest Finance, are jointly owned by British Gas Pension Schemes, Midland Bank Equity Holdings and the Prudential Assurance Company.

Among investments, Mr Smith points out that management buy-outs represented one-half of new business. He says this area of activity *shows signs of continu*ing to represent a "most important sector."

Early in the year under review Fitch Lovell acquired the fresh and frozen food and meat processor W. A. Turner. Moracrest was required to dispose of its investment, but realised a substantial profit in return.

DIVIDENDS ANNOUNCED

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Fleet Holdings	int	2.5	April 6	1.75	—	5
Impala	int	35¶	April 12	35	—	135
Scottish Eastern		2.15	May 6	1.85	3.75	3.35
Temple Bar Inv		3	March 28	2.7	4.65	4.2
Trencherwood‡		3	—	—	3	—

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. *§ Unquoted stock. ¶ South African cents throughout.*

Glasgow Stockholders net asset up to 133p

By the end of 1984 total net assets of Glasgow Stockholders Trust had risen from £41m to £53m, representing 133p per ordinary share, against 111p, after prior charges at par.

Earnings for the year 1984 came out at 2.32p, compared with 2p, and the dividend is lifted from 1.8p to 2.05p net, with a final of 1.3p. Dividends and interest received totalled £1.88m (£1.58m) and net revenue was £788,899 (£679,297) after tax £433,290 (£384,925).

Proceeds of the November debenture issue — £4m 11.5 per cent stock 2009 — have been invested initially in UK government securities. Total value of investments was £51m (£39.8m). Of the equity portfolio 44 per cent (42 per cent) was invested in the UK and 41 per cent (48 per cent) in North America. During the year £1m was switched out of the U.S. market into Hong Kong.

Midway rise to £0.25m at Elbief

Elbief, a manufacturer of handbag frames, leathergoods accessories and picture frames, lifted taxable profits from £207,000 to £251,400 in the half year to October 26, 1984. Turnover in the six months moved ahead from £1.51m to £1.76m.

An interim dividend of 0.48p (0.44p) per 10p share is declared —last year's *total dividend* was 1.6p. Waivers have been received in respect of some 3.3m shares.

UK COMPANY NEWS

MINING NEWS

Platinum price and exchange rate falls leave Impala down

BY GEORGE MILLING-STANLEY

IN SHARP contrast to buoyant first-half results reported recently by Rustenburg Platinum, South Africa's leading producer of the platinum group metals, profits of Impala Platinum for the six months to the end of December 1984 have fallen by a quarter. Attributable profits came out at R50.19m (£22.9m), compared with R67.3m in the first half of the previous year.

Impala, the second largest producer, said yesterday that it took out forward cover during the first half of 1984 over about 30 per cent of prospective dollar earnings, in view of uncertainties regarding the exchange rate between the rand and the dollar.

Both the price of platinum and the exchange rate were significantly different from expectations, Impala went on, and as a result the company has suffered a large forward exchange opportunity loss as well as a stock loss of some R34m. Without these factors, earnings for the half-year would have been substantially higher both before and after tax than for the previous comparable period, the company said.

In view of this, Impala has declared an unchanged dividend of 35 cents per share, still well covered by the latest earnings of 87 cents a share, which compares with earnings of 117 cents for the first half of the previous financial year.

Pre-tax profits for the year as a whole are expected to be lower than in 1983-84, Impala said, but net profits should not be substantially different from the previous year's R133.5m, out of which dividends totalling 135 cents were paid.

The trend of rising demand was sustained during the period, Impala added, and production is still being increased as planned. The company has also been active with forward purchases in the free markets in order to be sure of meeting notified future demand from its customers.

Impala suffered sharply higher interest charges during the six months, with a total of R8.05m against R3.73m, and capital expenditure jumped from R9m to over R30m.

The shares rose ¼ to £11¾ in London last night, in advance of the release of the figures.

Barrack pulls out of bid battle for Samantha

Australia's Barrack Mines group is reported to have pulled out of the battle to secure control of the junior exploration company Samantha Exploration after the rival bidder, Eastern Petroleum, claimed it now controls some 40 per cent of Samantha's shares. The Black Hill Minerals group, of which Eastern Petroleum is a member, was known to hold just under 20 per cent of Samantha in advance of launching its bid late last month, and has been buying further shares on the market since that time.

At stake in the battle, apart from some promising exploration acreage held by Samantha, is a majority interest in the profitable Horseshoe Lights gold mine in Western Australia. The operating company, Horseshoe Lights Gold, is currently controlled by Barrack with 45.15 per cent, and the minority shareholders are Eastern with 36.5 per cent and Samantha with 19.1 per cent.

Eastern was encouraged to make its move on Samantha by the refusal of Barrack to allot the group the three seats on the board of Horseshoes Lights Gold to which it is entitled under the articles of association, according to Dr Ron Wise, Eastern's chairman.

Clearly, a majority stake in the operating company would strengthen Eastern's hand, although Barrack has said that the issue of control over Samantha is irrelevant to the wider question of control over the gold mine, as its position is secure under the terms of the joint venture.

MINING NEWS IN BRIEF

Noranda, Canada's largest natural resources group, has been granted an option on a 49 per cent interest in the Orenada gold prospect near Val d'Or in Quebec by Brominco, a 37 per cent-owned subsidiary of Aur Resources. Noranda can earn its interest by spending C$6.3m (£4.2m) on exploration and development at the deposit.

Aur Resources said that Noranda has made a firm commitment to spend C$500,000 on the property by the end of April. At that point, a programme of further work will have to be approved by Brominco, and Noranda will then have a month to commit itself to spending an additional C$5.8m.

* * *

Granges Exploration of Sweden plans to make a share exchange offer for all the outstanding shares in the Canadian exploration compani Pecos Resources. The terms of the offer are expected to be one Granges share for every two shares held in Pecos. The two companies have six directors in common.

* * *

Inco, the large Canadian nickel prodcer, and Canadian Occidental Petroleum have granted Minatco, a wholly-owned subsidiary of Total Compagnie Miniere of France, an option to earn a one-third interest in uranium leases held jointly by the two companies near Wollaston Lake in Saskatchewan.

Minacto can earn its interest by spending C$23m (£15.5m) on an exploration programme and a feasibility study. The first stage of the exploration programme requires Minatco to spend C$5m over the next four years, with about C$1m to be spent this year.

* * *

The treatment capacity of the Vatukoula gold mine in Fiji is to be expanded from the present 350,000 tonnes a year to 500,000 tonnes from the start of next year, according to Emperor Mines, which owns 80 per cent of the operation. The remaining 20 per cent is held by Australia's Western Mining Corporation.

At the projected recovery grade of 7 grammes of gold per tonne, the expansion should boost gold production to over 100,000 ozs a year.

* * *

Emperor has also reported a net profit of A$547,000 for the six months to the end of December 1984. The latest profit compares with a loss in the first half of the previous financial year of A$322,000.

* * *

Net profits of Benguet Corporation, one of the largest producers of copper and gold in the Philippines, for 1984 fell 52 per cent to Pesos 141.6m (£7.9m), after a loss of Pesos 12.8m in the fourth quarter, reports Leo Gonzaga in Manila. The main reasons for the decline were the poor performances of two industrial subsidiaries.

COMPANY NEWS IN BRIEF

NEI Africa Holdings, South African subsidiary of Northern Engineering Industries, suffered a slight drop in turnover to R205m (R98m) in 1984 from R210m in 1983. Operating income before interest and tax increased to R32.5m from R27.2m.

Down-payments on long-term contracts contributed significantly to cash flow although the execution of the contracts, together with the high cost of imported components due to the rand's decline, is expected to affect the cash position. Future workloads of the manufacturing subsidiaries is satisfactory.

Earnings per share increased to 312.7 cents (310.6 cents) and the total dividend has been lifted to 130 cents (115 cents).

* * *

Consolidated earnings of Rothmans of Pall Mall Canada, a subsidiary of Rothmans International, fell from C$41.33m (£28m) to C$30.94m (£21m) in the nine months to December 31, 1984. The figures, struck before bottle write-off less minorities of $5.86m (nil), included a $14.57m ($23.97m) share from Carling O'Keefe.

As a result of the Canadian brewing industry's move away from compact bottles Carling O'Keefe made a provision of $11.7m net for bottle write-offs. Rothmans share of the provision amounted to $5.86m to leave group available earnings at $25.07m, or $4.31 per common share.

Rothmans Tobacco (Holdings), which is under effective control of Ruper Foundation SA, owns 99.9 per cent of Rothmans International ordinary shares.

* * *

Net asset value, adjusted for a one-for-one scrip issue in March, stood at 139.5p at Tribune Investment Trust at the end of 1984, compared with 115.6p at end-1983.

A final dividend of 1.7p is proposed (adjusted 1.375p), making total dividends for the year of 2.25p (adjusted 1.875p). Net earnings emerged at 2.96p (2.36p).

After tax of £898,095 (£807,823), net revenue was higher at £1.52m (£1.21m).

Rank expects further progress this year

THE CURRENT year should be one of further progress for the Rank Organisation, says the chairman Sir Patrick Meaney.

So far trading performance has continued to show improvement in the managed businesses, and increased profitability is anticipated from the associates.

"Your company now has the financial strength, sound organisation and an efficient and imaginative management team and we shall continue our drive for earnings growth," he tells shareholders.

He warns, however, that it would be folly to be too optimistic about the future in this highly competitive world with continuing economic problems, high interest rates, volatile foreign exchange rates and growing protectionism.

"We intend to concentrate on increasing earnings by improving and expanding, where appropriate, our leisure businesses in film and television services, holidays and recreation, hotels and catering and our industrial operations in electro-optical and electronic equipment, and to add to our activities as suitable opportunities are identified in the UK and overseas," Sir Patrick says.

The group has continued to review, reorganise, sell or close operations which were not producing satisfactory profits and returns on the resources invested in them.

Major divestment was the withdrawal from property investment activities grouped in the Rank City Wall company, resulting in the sale of the investment property portfolios in the UK and the Irish Republic.

These and other sales realised £118m cash during the year and, since then, the disposal of the remaining Rank City Wall properties in Belgium and Canada, plus the sale of the 50 per cent interest in the associate (Greater Union Organisation in Australia) and other assets have realised an additional £82m.

Some £25m was invested in fixed assets in the businesses retained and £7m spent on increased investment in subsidiaries. This included the acquisition of the outstanding 50 per cent shareholding in Rank Phicom Video Group and this company is now integrated within the film and television services division.

In the year ended October 31 1984 the group improved its profit volume and return on assets, reduced its net debt and increased its earnings and dividend per share. This, says Sir Patrick, demonstrates planned progress towards fulfilling the group's policies.

Interest costs fell from £25.6m to £19.9m as a result of the reduction in average borrowings and interest rates. There was a sharp decrease in net borrowings at the year end from £241.1m to £146.1m.

Rank's International operations, particularly in the U.S., produced a good performance overall although Australia and Asia experienced trading difficulties in parts of their operations.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Addison Communications, Cope Allman International, Elders IXL, Kwahu, Michael Page Partnership, Peachey Property, Throgmorton Secured Growth Trust.

Finals:—Burmatex, Ernest Jones (Jewellers).

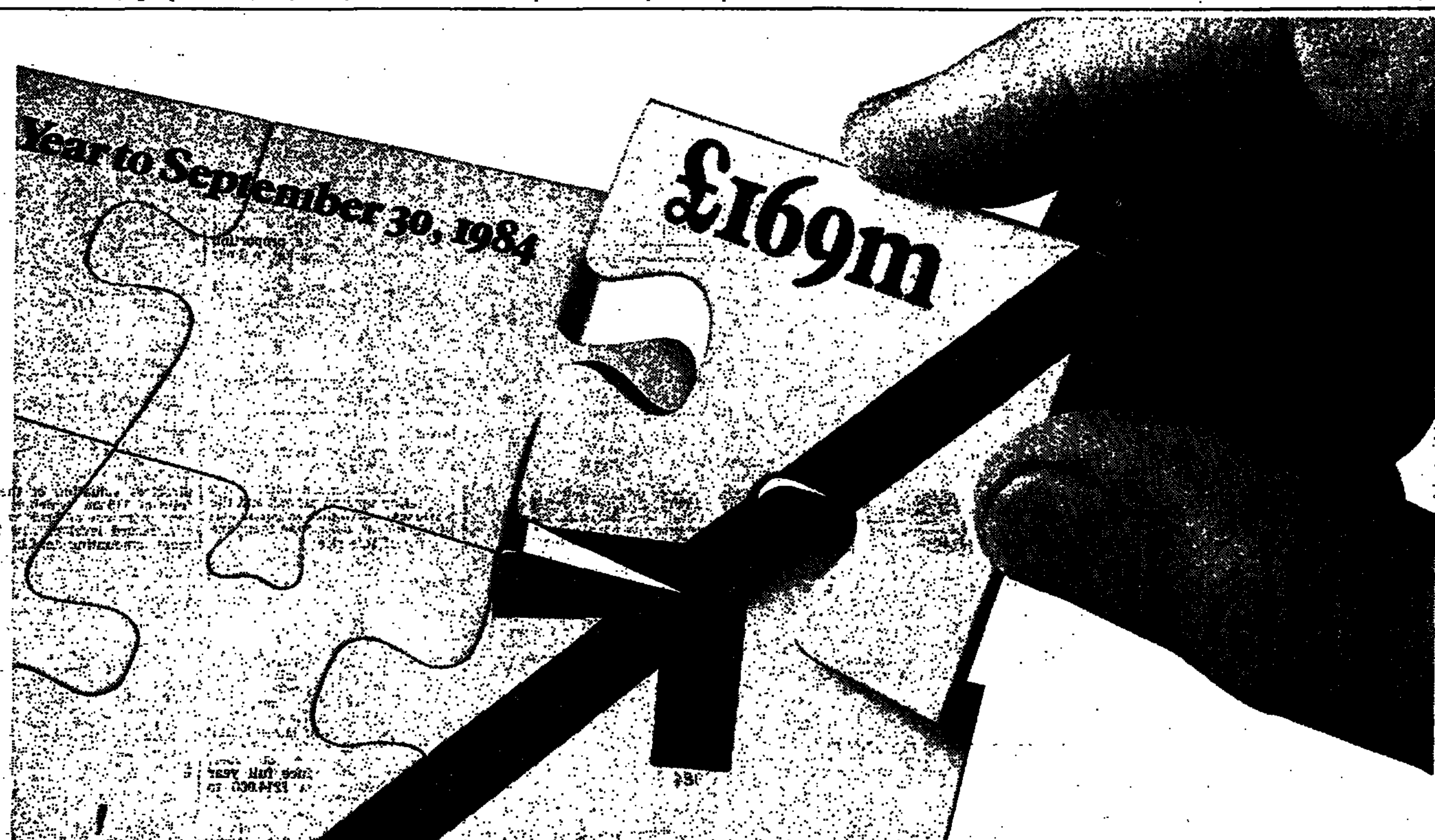
FUTURE DATES

Interims:—

Ferguson (James)	Feb 21
Grosvenor Square Properties	Feb 20
Medminster	Mar 4
Refuge	Mar 12

Finals:—

BICC	Mar 20
Carpets International	Mar 27
Cowie (T.)	Feb 28
F and C Enterprise Trust	Feb 21
Foreign & Colonial Invest. Tst.	Feb 27
Hall Engineering	Mar 25
Investment Trust of Guernsey	Feb 20
Jebsens Drilling	Mar 7
Lex Service	Mar 6
Macfarlane (Clansman)	Apr 2
Metal Closures	Mar 27
Ratcliffs (Great Bridge)	Feb 28
Svenska Cellulosa Aktiebolaget	Mar 6
Ward Holdings	Feb 21
Woodhouse and Rixson	Mar 4



Whitbread in legal battle over two U.S. franchises

BY CARLA RAPOPORT

Whitbread, a leading brewer, confirmed yesterday that it is involved in a U.S. legal battle to defend the exclusive rights to two important franchises owned by Buckingham, its new U.S. acquisition.

Mr Stephen Karp, a former senior vice-president of Buckingham, intends to begin importing and distributing the wines of Baron Philippe de Rothschild and Finlandia Vodka in the U.S. next month.

These products, currently distributed exclusively by Buckingham, are understood to account for about a third of the U.S. group's sales. Whitbread declined to disclose Buckingham's total sales, but pre-tax profits last year were $18.8m (£17m).

The company confirmed yesterday that it had filed suit in a Federal District Court in New York against Mr Karp, seeking to prevent him from importing or distributing the Rothschild wine and *Finlandia Vodka*.

The complaint alleges that Karp is engaged in an "unlawful scheme to steal from Buckingham the valuable, long-standing distribution rights held by Buckingham under contract, in flagrant disregard of his fiduciary duties to Buckingham."

Whitbread bought Buckingham for $110m last October from Beatrice Companies. Buckingham's major importing franchise is Cutty Sark whisky, which is not involved in the current dispute.

J. Howard lifts stake in rig-builder to 50%

BY ANDREW FISHER

JOHN HOWARD, the UK civil engineering company in which shares were floated on the over-the-counter market last November, has paid £4m for a further 25 per cent of the Howard Doris offshore rig-building concern.

Howard Doris has a yard at Kishorn in north-west Scotland. It was involved in last year's negotiations to buy the loss-making Scott Lithgow yard on the Clyde, but pulled out in April leaving Trafalgar House as sole owner.

The purchase brings Howard's stake up to 50 per cent, equal to that of the French partner, C. G. Doris. Howard bought the shares from Fairclough Construction, part of Amec.

Amec was formed from the merger some two years ago of Fairclough with William Press.

The latter has its own offshore interests and Fairclough said the sale was decided because this was incompatible with the Howard Doris holding.

John Howard said it had increased its stake because it saw the offshore market as being in a very buoyant state. The company said it had no immediate plans to raise its shareholding beyond 50 per cent.

Howard Doris currently employs around 600 people, its latest contract — the first for 18 months when announced last August — being worth £12m to modify the Buchan Field floating oil production system.

The rig builder said late last year that it was planning to set up a new yard on the east coast of the UK. Yesterday, it said this had still not been decided on.

COMPANY NEWS IN BRIEF

Following net profits of £39,155 against £18,466 on disposal of investment property at Palmerston Investment Trust, profits after tax rose from £32,639 to £46,121 for the six months to the end of September 1984. The number of sales equalled those for the comparable period say the directors, but produced a larger net surplus. They anticipate a satisfactory profit for the full year.

Pre-tax profits fell from £20,247 to £9,951 and was subject to tax of £2,985 (£6,074).

The interim dividend has been held at 1p—in the last full year a final of 2.5p was also paid.

* * *

At December 31 1984 net asset value of the Lancashire and London Investment Trust had improved from 151.2p to 169.9p per share. Net income for the year came out at £130,217, against £116,645, and the dividend is lifted from 2.875p to 3.125p.

Total income was £385,753 (£212,483) comprising franked £204,354 (£171,880), unfranked £110,808 (£16,446), dividend from subsidiary £22,500 (£15,714) and Treasury Bill interest £48,091 (£8,443).

After interest paid £42,322 (£4,228), and management and other charges £142,609 (£31,403) including exceptional debits £99,250 the profit balance is £200,822 (£176,852). Tax charge is £70,605 (£60,207).

* * *

Anglo-American Securities Corporation saw its net revenue fall from £5.48m to £4.93m in the 50 weeks to end-December 1984. The previous figure is for the year to January 15, 1984.

An increased final of 4.2p (3.85p) is being paid by this investment trust, making a 5.7p (5.35p) total. Stated net earnings emerged lower at 5.35p (5.59p).

* * *

The directors of Futura Holdings, footwear manufacturer and distributor, expect unaudited pre-tax profits for 1984 to be in the region of £365,000 (£362,000).

The current order book is similar to that for the same period in 1984.

ICC Oil pays £0.7m for coatings specialist

ICC Oil Services, rig painter and industrial cleaning contractor, has acquired Port Painters, a Cardiff-based specialist coatings group, for a maximum £710,000.

The purchase is being paid for with the issue of 2m ICC shares at 20p, and an additional 250,000 conditional on Port Painters achieving pre-tax profits of at least £200,000 in the year ending next month. Together the allotments represent 4.12 per cent of its expanded capital.

A further £260,000 worth of shares will be issued at prevailing market rates, if earnings for the following year reach £275,000.

The price compares with a net asset value of £333,077 for Port Painters at October last year, of which £218,000 comprised tangible fixed assets.

Mr Kenneth Matthews and Mr Handel Matthews, its joint owners, are to stay on, and have pledged to retain their shares for at least a year.

Port Painters does most of its work for the nuclear and conventional power and petrochemical industries, and specialises in controlling corrosion. ICC said the acquisition provided a geographical extension to its existing interests in this field, and created opportunities for other ICC companies.

ICC shares, traded on the Unlisted Securities Market, added 1½p yesterday to 19½p.

Management buy-out for UEI offshoot

UEI has disposed of its wholly owned subsidiary, Dunsley Heating Appliance, which is engaged in the design and manufacture of open-fire central heating systems.

The purchasers are members of the Broadbent family who started the business in 1952 and who have been actively engaged in its day-to-day management since that time. UEI acquired Dunsley in 1973, since when it has performed "consistently well." Pre-tax profits for the year to January 31 1984 were £677,000 and net tangible assets at that date were £807,000.

The initial consideration is £1.95m payable in cash. In addition, dividends totalling £576,000 have been declared by Dunsley in favour of UEI of which £310,000 is in respect of the accounting year to January 31, 1985. Further consideration is payable to a maximum of £0.5m of which up to £0.25m will be payable dependent upon the pre-tax profits of Dunsley for the current year, and a further £0.25m will be paid on a time scale dependent on the profits of Dunsley thereafter.

"The sale of Dunsley will release management and resources for the high technology activities where its companies have special expertise, and where the opportunity for growth is clearly perceived," says Mr David Moulds, chairman of UEI.

Hambros comes back to real estate with £6m purchase

BY WILLIAM COCHRANE

HAMBROS, the UK merchant banking group, is re-entering direct investment in UK real estate with the acquisition of 75 per cent of the Sida Holdings group, a private property investment and development company. It expects to make further property acquisitions — possibly by buying other companies.

Sida, formed in 1959 in association with Guardian Royal Exchange Assurance, has an investment portfolio valued in the region of £7m, almost entirely freehold and consisting of approximately 62 per cent shops, 36 per cent offices and 2 per cent industrial, all located in London and the South East of England.

Hambros will acquire a 74 per cent holding from the outgoing shareholders together with 1 per cent from GRE which will retain the remaining 25 per cent. The consideration is 1.4m Hambros limited voting ordinary shares, worth £2.3m, and approximately £4.1m in cash.

Small as it is, the deal marks another significant step in the recovery of Hambros after the losses on shipping loans and oil and gas exploration which marked the late 1970s and early 1980s.

In 1982 Hambros sold its last major property investment, 43 per cent of Berkeley Hambro Property, to Town and City Properties which subsequently became Sterling Guarantee Trust. Mr David Bailey, then joint managing director of Berkeley Hambro, and currently Hambros' property consultant, will become managing director of Sida.

He said yesterday: "We think that a group of our size ought to have a significant investment in property."

Promotions House £1.3m offer for Bonusbond

Promotions House, a USM-quoted company that specialises in consumer promotions, yesterday launched a £1.3m all-paper takeover bid for Bonusbond Holdings, which devises employee incentive schemes and other promotions for large companies.

Mr John Mulford, a director of Bonusbond, which has a full stock market quotation, said that the offer would need to be studied very closely but the company's immediate reaction was relatively favourable, in view of the potential operational benefits of a merger.

The Boards of the two companies will be meeting shortly to discuss the possibility of Bonusbond recommending the offer.

Promotions is offering one of its ordinary shares for each Bonusbond ordinary and one ordinary for each Bonusbond deferred share. Promotions House shares closed last night unchanged at 26p, while Bonusbond closed at 23p, up 5p on the day.

Promotions owns no shares in Bonusbond but has received an irrevocable undertaking to accept its offer from Aries Investment Trust and its nominee, who hold 29.22 per cent of the Bonusbond issued share capital. If its offer is not declared unconditional, Promotions will acquire the Aries shareholding for the same consideration as it would have received under the offer.

As a result of this deal, Bonusbond has agreed that three Promotions executives will join its board on or before February 27. They are Mr A. Taylor, managing director of Promotions, Mr M. Henriques, an executive director of Travelcash Promotions, its main operating subsidiary, and D. Pearl, a non-executive director of promotions.

On the logic of a deal, Mr Mulford said the two companiets dealt with the same clients, though from different aspects of marketing.

BIDS AND DEALS IN BRIEF

Shares and rights over shares of Biotechnology held in investment portfolios advised or managed on a discretionary basis by N. M. Rothschild including investment portfolios held for their own account by members of the Rothschild Group, have been reduced and in aggregate now represent less than 15 per cent of the voting rights.

* * *

Further acceptances of BAT Industries' offer for Hambro Life have been received in respect of 2,225,558 shares, representing 1.84 per cent.

BAT now owns or has received acceptances in respect of 118.68m shares, representing 98.25 per cent.

Elections for loan stock amounted to £3.15m. All elections to receive loan stock or loan notes throughout the offer period which are valid in all respects will be satisfied in full.

* * *

Electra Investment Trust and Pilkington Brothers have combined in a joint venture to invest £600,000 in Heme International, a Pilkington new venture company.

Heme, based in Skelmersdale, Merseyside, is exploiting research on Hall Effect technology, with a wide range of potential uses including power and energy measurement and detection systems in defence and medical areas.

* * *

Receivers have been called in by Spicers International, a paper merchanting company owned by Boles Corporation of the U.S. Spicers, which has a turnover in excess of £10m, trades mainly in the Far East, selling paper, stationary and paper making machinery. The receiver, Mr Guy Parsons of Peat Marwick, said the company would carry on trading in the hope of attracting a buyer. A lot of interest had already been expressed by potential purchasers.

£16m for M. L. Engineering

M. L. ENGINEERING'S Plymouth subsidiary has won a £6.8m contract to design, supply and supervise installation of signalling systems north of Athens. ML has also won two contracts in Australia for work in the Adelaide suburban area worth £6.6m and a project in Queensland worth £1.7m. A £1m project in the Amazon jungle on the Carajas Mineral Railway is also being undertaken by the company.

*

NEWMAN ELECTRIC MOTORS, Bristol, has been awarded a full three-year contract by ICI for the supply of motors in the range 0.5 to 200 kW. Over a three-year period, ICI anticipate that the total value of orders for electric motors under this contract will be about £2m which will be competed for by Newman and one other nominated British supplier.

*

BOVIS CONSTRUCTION has started work on the new £5m Roding Hospital in Redbridge close by the M11 and Eastern Avenue. Designed as a low level structure the 70-bed building will have an advanced patient handling system and two major operating theatres with air ventilation systems — one with ultra-fine bacteriological filtration for orthopaedic procedures.

*

MERSEYSIDE TRANSPORT claims to be the country's first public transport undertaking to instal an engineering management system. It recently signed a contract for almost £1m with Sperry in a move which will revolutionise engineering procedures for vehicle repair and maintenance in all five Merseyside Transport divisions and its central works. The computerised system will boost the efficiency of the 1,200-strong fleet as Sperry video terminals replace time-consuming paperwork to give an instant recall on relevant data. The system which has the approval of the trade unions is capable of handling many thousands of transactions during a 24-hour cycle.

*

First Castle Electronics' subsidiary, CENTRONIC, has won an order worth £1m from The Ministry of Defence for SAWES (small arms weapon effect simulator). This was the first contract placed under The Ministry's new open tender policy. The equipment is used for weapon handling, field craft and tactical training.

*

ARNOLD & NATHAN, East Peckham has won the following contracts: design and construct a depot for Seeboard at Polegate, Sussex (£1.01m); High Street relief road for London Borough of Bromley at Bromley (£811,000); and creation of arcade on pedestrian link bridge at Waterloo East for British Rail, Southern Region (£521,750).

*

WIMPEY CONSTRUCTION UK has been awarded a £1.29m contract by the London Borough of Bromley for alterations and improvements to Ramsden School for girls in Orpington. The existing structure is to be demolished and a one/two storey, steel-framed building with aluminium-clad roofs erected on existing piled foundation. Greater Nottingham Co-operative Society has placed a £650,000 contract for an 1,800 sq m single-storey cold store green-grocery warehouse. It will be built in Meadow Lane, Nottingham, between now and July 1985.

*

IDC, Stratford-upon-Avon has a contract worth about £8m from Black and Decker for a 126,000 sq ft automated national distribution centre to be built on a 29.4 acre site at the Brackmills employment area, Northampton. The building will contain 68,000 sq ft of high-bay storage with clear height of 70 ft and 38,000 sq ft of marshalling and storage areas. The advanced computerised storage and retrieval system will be supplied by Dexion as main sub-contractor. It will handle 29,000 pallets for storing over 1,000 product lines. The adjacent area will store over 3,000 different accessory parts for selection with carton packing and sealing lines. Completion is scheduled for May 1986.

*

The Leeds-based GILLINSON PARTNERSHIP has been appointed by Rhuddlan Borough Council to redesign the Royal Lido at Prestatyn. The contract —valued at £1.1m—will commence this autumn for completion in summer 1986. The Royal Lido, built during the 1930s, is currently an open air swimming pool. Gillonsons will revamp the site, creating a covered 25 metre pool, a nursery and splash pool, slides and a giant flume. Adjacent to this will be bars, a restaurant, ballroom, disco, barbecue and banqueting suite.

*

MILLARD CONTRACTORS, Tipton, has started on the following construction contracts: garages and covered trailer area for the TAVRA West Midlands at Cobridge, Stoke-on-Trent worth £984,000; environmental improvements to 80 homes at Norton Canes for Cannock Chase District Council worth £300,000; and modernisation of homes at High Park Estate, Wollaston, Stourbridge for Dudley Metropolitan Borough Council worth £1.1m.

*

UNIT CONSTRUCTION COMPANY has work for the Property Services Agency for the construction of an IRO Computer Centre at Bootle, Merseyside (£4.6m); construction of ESMI Unit, Mossley Hill Hospital, Liverpool, for Merseyside Regional Health Authority (£1.5m); construction of sheltered housing and wardens' accommodation at Windsor Road, Bootle, Merseyside, for Merseyside Improved Houses (£863,000); and refurbishment of radiography unit, Royal Liverpool Hospital, for Liverpool Area Health Authority (£109,000).

*

WILLIAM TAWSE, part of Aberdeen Construction Group, has won a contract for the Phase I improvement to the A944 Aberdeen-Alford Road. The contract, valued at just over £1m, has been awarded by Grampian Regional Council. The work will take about 30 weeks to complete.

*

SHAND has been awarded a contract by the Government of Gibraltar for construction of a causeway at Waterport Basin. The project will replace a steel and cast-iron viaduct with a rock and sand filled causeway with rock armour. The contract is due for completion in April 1986 and is valued at about £1.75m.

*

A £1.5m refurbishment contract in the centre of Cambridge has been awarded by Habitat Design to RATTEE AND KENT, Cambridge, part of the Mowlem group, to convert a five-storey building to form a new store for Habitat and construction of a two-storey building which will be divided into three shop units. The site is next to The Grafton Centre. Completion is due by September. At Newmarket, the company is undertaking further work for Darley Stud Management and has started work on a foaling unit valued at £920,000. The work comprises 24 foaling boxes, two exercise yards and two sitting up rooms. Rattee and Kett has started work for Smech Properties at Valleywood Place near Chobham in Surrey. The £650,000 contract is to restore an old manor house and includes high-class joinery with extensive panelling. Work is due for completion in early summer. The company also has various stonework and joinery contracts totalling £289,000.

APPOINTMENTS

Top accountancy post

Mr Phillip Sober is to succeed Mr Teddy Langton as senior partner of STOY HAYWARD, when Mr Langton retires on July 1. Mr Langton, senior partner of Stoy Hayward for 17 years, is to continue as a general partner in the practice for the time being. Mr Sober was appointed a partner of Stoy Hayward in 1958, and has been a member of its management committee since its inception. He is a member of the Executive Council of Horwath and Horwath International a world-wide organisation of affiliated independent accounting and management consulting firms of which Stoy Hayward are the UK representatives. He is also the international liaison partner.

*

AB ELECTRONIC PRODUCTS GROUP has appointed Mr Peter J. Phillips, a director, as non-executive deputy chairman. He is a director of various companies and public boards and immediate past chairman of CBI Wales. Mr Raymond Cory, who joined the board in 1977, will continue to hold the senior position of non-executive vice chairman.

*

Mr Roger D. Young has been appointed as senior vice president of BANK JULIUS BAER AND CO, to succeed Mr Fernand T. Koch, manager of the London branch, when he returns to Switzerland later this year.

*

Mr J. E. J. Baggs, general manager of MIDLAND ASSURANCE, has been appointed to its board. Mr J. T. Heaton, general manager of Eagle Star Group Engineering Company, has been appointed to the boards of both Midland Assurance and Eagle Star Group Engineering Company.

*

Mr Malcolm McLeod, finance director of Wincanton Group, has become a member of the advisory board of THE DOUGLAS LLAMBIAS GROUP with special emphasis on the development of The Business Expansion and Exchange Group.

*

Mr Tony Sepher has been elected to the board of the Glasgow-based electrical distributor and wholesaler MICHAEL BLACK, taken over last year by Emess Lighting. He is Newcastle branch manager of Michael Black.

*

Mr D. H. Keith Rugg has been appointed international marketing manager, aerospace and defence, for BRITISH ALCAN ALUMINIUM. He will have special responsibilities for marketing the new range of aluminium-lithium aerospace materials. He was marketing services manager.

*

SAUTER AUTOMATION has appointed Mr W. G. Andrews as chairman. Mr E. Fehr joins the board as a director.

BASE LENDING RATES

A.B.N. Bank	14 %	C. Hoare & Co.	†14 %
Allied Irish Bank	14 %	Hong Kong & Shanghai	14 %
Henry Ansbacher	14 %	Johnson Matthey Bkrs.	14 %
Amro Bank	14 %	Knowsley & Co. Ltd.	14½%
Armco Trust Ltd.	14½%	Lloyds Bank	14 %
Associates Cap. Corp.	14 %	Edward Manson & Co.	15 %
Banco de Bilbao	14 %	Meghraj & Sons Ltd.	14 %
Bank Hapoalim	14 %	Midland Bank	14 %
BCCI	14 %	■ Morgan Grenfell	14 %
Bank of Ireland	14 %	Mount Credit Corp. Ltd.	14 %
Bank of Cyprus	14 %	National Bk. of Kuwait	14 %
Bank of India	14 %	National Girobank	14 %
Bank of Scotland	14 %	National Westminster	14 %
Banque Belge Ltd.	14 %	Northern Bank Ltd.	14 %
Barclays Bank	14 %	Norwich Gen. Trust	14 %
Beneficial Trust Ltd.	15 %	People's Tst. & Sv. Ltd.	15 %
Brit. Bank of Mid. East	14 %	Provincial Trust Ltd.	15 %
■ Brown Shipley	14 %	R. Raphael & Sons	14 %
CL Bank Nederland	14 %	P. S. Refson	14 %
Canada Perm'nt Trust	14 %	Roxburghe Guarantee	14½%
Cayzer Ltd.	14 %	Royal Bank of Scotland	14 %
Cedar Holdings	14 %	Royal Trust Co. Canada	14 %
■ Charterhouse Japhet	14 %	■ J. Henry Schroder Wagg	14 %
Choulartons**		Standard Chartered	‖14 %
Citibank NA	14 %	Trade Dev. Bank	14 %
Citibank Savings	12¾%	TCB	14 %
Clydesdale Bank	14 %	Trustee Savings Bank	14 %
C. E. Coates & Co. Ltd.	14½%	United Bank of Kuwait	14 %
Comm. Bk. N. East	14 %	United Mizrahi Bank	14 %
Consolidated Credits	14 %	Westpac Banking Corp	14 %
Co-operative Bank	*14 %	Whiteaway Laidlaw	14½%
The Cyprus Popular Bk.	14 %	Williams & Glyn's	14 %
Dunbar & Co. Ltd.	14 %	Wintrust Secs. Ltd.	14 %
Duncan Lawrie	14 %	Yorkshire Bank	14 %
E. T. Trust	14½%		
Exeter Trust Ltd.	14½%		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	14½%		
■ Robert Fleming & Co.	14 %		
Robert Fraser & Ptns.	14½%		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		
Heritable & Gen. Trust	14 %		
■ Hill Samuel	§14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%. 1 month 11.75%. Fixed rate 12 months £2,500 11.75%. £10,000 12 months 12.00%.
† 7-day deposits on sums of under £10,000 11%, £10,000 up to £50,000 12%, £50,000 and over 12½%.
‡ Call deposits £1,000 and over 11%.
‖ 21-day deposits over £1,000 12½%.
¶ Mortgage base rate.
§ Demand deposits 11%.
** See Provincial Trust Ltd.

Notice of Redemption

Transocean Gulf Oil Company

8% Guaranteed Debentures Due 1986

(now Gulf Oil Corporation 8% Debentures Due 1986)

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of March 1, 1971, under which the above-designated Debentures are issued, $1,488,000. aggregate principal amount of such Debentures of the following distinctive numbers has been selected for redemption on March 1, 1985 (herein sometimes referred to as the redemption date):

$1,000 Coupon Debentures Bearing the Prefix Letter M

M47	2325	4894	8563	15992	19977	20741	21407	22066	23272	24392	24910	25438	27263	28105	28976
49	2327	4901	8578	15993	19988	20770	21419	22075	23292	24395	24921	25436	27273	28106	28979
50	2331	4903	8585	15995	19992	20783	21427	22077	23295	24399	24938	25440	27274	28115	28980
58	2332	4904	8592	16382	19995	20784	21469	22086	23303	24404	24942	25442	27276	28116	28991
61	2333	4906	8627	16576	19999	20792	21515	22090	23311	24405	24949	25452	27281	28121	28992
64	2344	4909	8628	16991	20009	20795	21516	22293	23313	24414	24951	25464	27283	28122	28994
124	2349	5065	8629	17997	20011	20804	21520	22297	23317	24415	24955	25468	27284	28126	28998
176	2363	5102	8639	17998	20017	20818	21521	22298	23320	24436	24960	25472	27287	28134	29012
187	2366	5115	8641	18125	20021	20827	21526	22304	23350	24437	24966	25478	27289	28135	29013
192	2367	5117	8644	18126	20026	20854	21556	22306	23351	24438	24978	25492	27293	28200	29017
194	2377	5118	8738	18956	20030	20881	21565	22309	23355	24456	24978	25494	27294	28206	29026
196	2448	5129	8871	18976	20046	20884	21571	22312	23362	24475	25002	25505	27295	28217	29028
200	2455	5133	8872	19023	20047	20885	21576	22318	23363	24480	25010	25518	27306	28226	29030
210	2456	5136	8886	19024	20055	20898	21582	22315	23364	24482	25013	25519	27308	28229	29034
218	2457	5200	9064	19041	20059	20899	21587	22320	23366	24484	25015	25521	27310	28235	29037
219	2458	5202	9284	19308	20062	20910	21591	22321	23368	24500	25016	25527	27314	28237	29045
228	2459	5218	9292	19312	20063	20911	21595	22326	23369	24501	25018	25543	27316	28252	29051
239	2505	5222	9321	19313	20070	20913	21611	22334	23371	24510	25019	25544	27326	28274	29052
240	2506	5225	9336	19319	20074	20914	21615	22524	23377	24515	25023	25549	27327	28284	29055
241	2517	5277	9458	19320	20083	20917	21627	22575	23379	24521	25024	25562	27329	28293	29246
245	2522	5509	9729	19321	20087	20922	21634	22578	23381	24525	25026	25567	27330	28306	29273
246	2564	5511	9777	19322	20117	20927	21635	22589	23383	24534	25028	25568	27334	28312	29297
248	2583	5532	9780	19323	20120	20935	21640	22641	23384	24541	25034	25570	27412	28349	29299
255	2584	5544	9830	19352	20128	20955	21641	22647	23416	24553	25046	25571	27413	28356	29306
262	2588	5552	9853	19355	20140	20961	21649	22649	23418	24554	25049	25576	27416	28358	29307
263	2589	5558	9875	19357	20160	20962	21654	22650	23433	24559	25062	25589	27431	28360	29308
271	2615	5579	9877	19381	20170	20974	21676	22776	23465	24562	25065	25591	27435	28361	29314
273	2619	5583	9881	19382	20172	20978	21677	22781	23468	24564	25066	25597	27440	28365	29315
726	2623	5589	9885	19387	20223	20993	21679	22788	23469	24565	25077	25604	27445	28375	29317
738	2671	5591	9894	19401	20225	20995	21680	22790	23470	24572	25079	26108	27452	28377	29318
793	2678	5592	9915	19408	20236	20996	21685	22795	23472	24589	25082	26110	27457	28383	29319
794	2712	5594	9917	19414	20259	20997	21700	22798	23473	24590	25092	26197	27469	28388	29321
866	2713	5597	9923	19417	20269	21015	21701	22799	23474	24594	25094	26198	27471	28392	29323
867	2731	5602	9925	19432	20279	21020	21711	22801	23485	24598	25097	26199	27480	28401	29333
868	2734	5603	9989	19456	20283	21026	21713	22805	23487	24599	25107	26200	27485	28402	29337
870	2774	5617	10053	19457	20285	21028	21716	22809	23497	24601	25108	26202	27497	28403	29348
937	2779	5630	10057	19466	20293	21046	21720	22814	23502	24602	25116	26207	27503	28405	29349
975	2781	5635	10058	19471	20296	21048	21723	22815	23504	24603	25132	26232	27508	28408	29350
1041	2783	5636	10060	19482	20319	21049	21728	22820	23508	24604	25139	26362	27513	28409	29358
1042	2794	5639	10142	19523	20323	21059	21731	22821	23511	24605	25147	26368	27520	28411	29365
1051	2809	5649	10176	19530	20327	21063	21734	22824	23513	24606	25148	26372	27532	28412	29372
1364	2875	5653	10177	19533	20328	21086	21739	22854	23522	24613	25150	26375	27534	28417	29378
1387	2942	5658	10178	19547	20329	21092	21740	22858	23523	24622	25164	26384	27671	28418	29384
1388	2944	5668	10184	19548	20331	21093	21744	22875	23620	24623	25170	26390	27676	28424	29385
1389	2966	5673	10296	19569	20343	21094	21745	22888	23622	24626	25171	26392	27700	28425	29393
1391	2989	5683	10298	19570	20350	21103	21749	22903	23630	24630	25180	26400	27708	28439	29395
1392	2991	5699	10304	19571	20367	21122	21750	22907	23635	24639	25187	26406	27713	28440	29396
1432	3001	5715	10375	19573	20389	21124	21756	22917	23639	24640	25189	26412	27714	28445	29408
1433	3005	5718	10376	19574	20396	21134	21762	22922	23642	24641	25194	26572	27715	28451	29410
1456	3010	5719	10557	19594	20403	21138	21766	22934	23644	24643	25196	26573	27720	28452	29416
1830	3012	5720	10560	19602	20404	21149	21780	22943	23651	24644	25208	26587	27744	28459	29422
1846	3014	5726	10561	19624	20405	21151	21785	22950	23656	24658	25215	26596	27752	28461	29452
1907	3027	5731	10578	19629	20406	21152	21794	22951	23662	24661	25218	26598	27753	28463	29454
1913	3038	5732	10742	19631	20407	21156	21796	22952	23667	24662	25219	26600	27777	28467	29460
1917	3041	5743	10787	19634	20412	21158	21797	22953	23679	24682	25223	26602	27780	28477	29469
1953	3042	6019	10792	19635	20414	21159	21805	22958	23684	24698	25228	26609	27781	28478	29470
1955	3044	6081	10878	19650	20416	21161	21837	22962	23686	24701	25234	26611	27782	28479	29478
1957	3102	6082	10880	19653	20421	21173	21840	23022	23692	24702	25236	26636	27783	28514	29479
1963	3164	6083	10903	19654	20438	21174	21862	23023	23700	24706	25264	26637	27784	28521	29482
1964	3169	6084	10904	19694	20442	21177	21865	23031	23708	24707	25272	26644	27789	28539	29484
1972	3173	6099	10905	19703	20457	21182	21871	23032	23740	24709	25277	26648	27804	28541	29492
1975	3242	6105	10906	19704	20475	21183	21873	23034	23741	24716	25281	26658	27808	28542	29498
1982	3245	6116	10907	19706	20477	21186	21877	23038	23744	24717	25282	26661	27810	28546	29544
2045	3280	6123	10908	19736	20478	21187	21884	23044	23758	24726	25285	26666	27813	28556	29573
2046	3285	6486	10909	19738	20482	21191	21887	23045	23763	24727	25304	26667	27815	28564	29575
2051	3287	6590	10911	19739	20484	21195	21888	23051	23774	24728	25318	26693	27820	28583	29597
2055	3306	6807	10915	19741	20485	21223	21893	23055	23783	24741	25320	26694	27866	28597	29600
2056	3314	6808	10917	19763	20489	21225	21899	23066	23796	24757	25328	26698	27867	28600	29601
2063	3332	6874	11039	19764	20492	21228	21910	23070	23798	24765	25332	26713	27869	28621	29602
2068	3336	6890	11301	19765	20579	21231	21914	23071	23804	24775	25342	26724	27871	28634	29603
2077	3341	6891	11552	19766	20584	21236	21946	23074	23815	24776	25349	26725	27879	28653	29610
2079	3459	6899	11554	19769	20591	21237	21952	23084	23868	24782	25351	26759	27888	28654	29617
2081	3482	7178	12644	19774	20594	21254	21957	23085	23875	24785	25363	26760	27893	28665	29640
2082	3485	7183	12652	19779	20596	21259	21958	23088	23877	24807	25364	26763	27896	28666	29644
2084	3489	7203	12661	19780	20601	21270	21964	23091	23880	24808	25366	26765	27899	28667	29647
2085	4239	7227	12662	19782	20602	21278	21971	23094	23885	24809	25373	26870	27903	28677	29689
2086	4248	7251	12769	19783	20608	21288	21973	23106	23887	24811	25374	26874	27904	28681	29752
2115	4399	7252	13082	19785	20609	21290	21984	23143	23888	24812	25375	26876	27905	28686	29763
2138	4568	7254	13089	19826	20621	21299	22001	23165	23890	24815	25385	26881	27906	28690	29771
2140	4581	7358	13254	19827	20624	21312	22002	23166	23892	24826	25397	26903	27916	28894	29801
2142	4586	7359	13258	19834	20629	21314	22007	23167	23969	24833	25402	26908	28022	28901	29804
2148	4590	7441	13349	19836	20631	21321	22008	23174	23972	24856	25404	26915	28031	28907	29805
2149	4605	7464	13350	19842	20642	21330	22010	23181	23977	24860	25405	26935	28032	28908	29834
2150	4611	7475	13741	19867	20659	21337	22017	23196	23982	24861	25407	26958	28034	28917	29838
2151	4616	7476	14006	19876	20660	21340	22030	23200	23994	24863	25410	26961	28036	28918	29841
2154	4618	7477	14356	19885	20664	21343	22036	23202	23999	24871	25411	26965	28042	28926	29844
2163	4619	7486	14358	19888	20667	21352	22051	23207	24285	24872	25418	26969	28050	28963	29846
2164	4651	7530	14365	19940	20668	21353	22052	23209	24298	24884	25422	26972	28061	28942	29867
2167	4687	7945	15705	19941	20675	21362	22059	23219	24299	24869	25423	27002	28062	28966	29878
2169	4705	7947	15717	19963	20681	21368	22060	23224	24310	24890	25424	27003	28073	28968	29879
2172	4708	7950	15721	19964	20682	21377	22062	23228	24314	24896	25425	27012	28083	28969	29881
2218	4720	7951	15980	19967	20683	21378	22063	23251	24356	24903	25428	27019	28091	28971	29893
2276	4737	7952	15988	19974	20687	21402	22064	23256	24372	24906	25430	27117	28102	28972	29965

The Debentures specified above are to be redeemed for the Sinking Fund (a) at **Citibank, N.A. (formerly First National City Bank), Trustee** under the Indenture referred to above, **No. 111 Wall Street, in the Borough of Manhattan, the City of New York,** or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Brussels, Frankfurt/Main, London (Citibank House), Milan, Paris, and Citicorp Bank (Luxembourg) S.A. and Kredietbank S.A., Luxembourgeoise in Luxembourg. Payments at the offices referred to in (b) above will be made by a United States dollar check drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the payee with a bank in New York City, on March 1, 1985, the date on which they shall become due and payable, at the redemption price of 100 percent of the principal amount thereof, together with accrued interest to the date fixed for redemption. On and after the redemption date, interest on the said Debentures will cease to accrue. Upon presentation and surrender of such Debentures with all unmatured coupons, payment of principal will be made out of funds to be deposited with the Trustee.

The amount of any missing unmatured coupons will be deducted from the sum due for payment. Coupons due March 1, 1985 should be presented for payment in the usual manner.

Gulf Oil Corporation
By: CITIBANK, N.A., as Trustee

January 28, 1985

Notice of Redemption

Utah International Finance Corp.

8% Guaranteed Sinking Fund Debentures Due March 15, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of March 15, 1972 under which the above described Debentures were issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has drawn for redemption on March 15, 1985 (the redemption date), through the operation of the Sinking Fund provided for in said Indenture, $323,000 principal amount of Debentures of the said issue, bearing the following distinctive numbers:

COUPON DEBENTURES OF $1,000 PRINCIPAL AMOUNT OUTSTANDING

M479	9790	11337	11825	13505	13940	14568	14962	15431	15906	16394	17479	18072	19186	19688
1304	9989	11344	11848	13519	13941	14585	14963	15444	15925	16423	17528	18077	19187	19712
1655	10006	11374	11875	13549	14024	14591	15005	15497	15951	16444	17551	18078	19259	19750
1727	10065	11375	11972	13559	14090	14596	15027	15526	15961	16465	17626	18087	19262	19754
1761	10092	11380	11973	13591	14095	14598	15088	15534	16009	16514	17658	18112	19278	19779
1794	10530	11415	12042	13624	14111	14639	15091	15563	16045	16526	17663	18119	19282	19801
1863	11097	11452	12062	13631	14159	14673	15099	15585	16078	16539	17710	18120	19306	19802
2001	11108	11454	12515	13632	14160	14703	15158	15593	16098	16552	17723	18149	19330	19811
2025	11111	11503	12605	13844	14186	14742	15173	15615	16103	16563	17729	18290	19346	19864
2103	11133	11512	12612	13654	14231	14757	15188	15629	16114	16577	17742	18615	19358	19865
2312	11150	11630	12651	13656	14250	14778	15189	15640	16118	16578	17755	18863	19429	19916
2316	11165	11614	12842	13657	14256	14829	15193	15655	16134	16606	17769	18888	19453	19917
3457	11185	11649	13161	13679	14284	14843	15248	15688	16136	16607	17822	18896	19462	19934
3884	11193	11650	13180	13681	14297	14851	15273	15742	16157	16658	17878	18915	19484	19988
5108	11210	11676	13215	13703	14330	14853	15280	15746	16192	16708	17948	19011	19501	19994
5261	11246	11745	13271	13731	14340	14867	15281	15780	16218	16731	17949	19021	19519	
5357	11254	11772	13273	13770	14346	14868	15295	15801	16226	16752	17958	19024	19565	
7206	11255	11775	13292	13812	14432	14869	15339	15836	16234	16800	17964	19088	19587	
7209	11294	11802	13448	13857	14433	14912	15343	15853	16252	16827	17978	19102	19588	
7455	11296	11803	13454	13909	14453	14914	15344	15859	16301	17420	17994	19108	19620	
9772	11304	11816	13484	13911	14498	14925	15346	15870	16362	17453	18048	19114	19680	
9780	11306	11819	13490	13933	14559	14958	15413	15875	16369	17478	18056	19145	19683	

The Debentures specified above are to be redeemed for the said Sinking Fund at the **Receive and Deliver Department of Citibank, N.A., Trustee, 111 Wall Street—5th Floor, New York, New York 10043,** and the main offices of Citibank, N.A. in Amsterdam, Frankfurt/Main, London (Citibank House), Milan, Paris, Brussels, or Banca Commerciale Italiana in Milan, or Banque de Paris et des Pays-Bas in Paris, or Banque de Paris et des Pays-Bas pour le Grand Duché de Luxembourg in Luxembourg, as the Company's paying agents, and will become due and payable on March 15, 1985 at the redemption price of 100 percent of the principal amount thereof plus accrued interest on said principal amount to such date. On and after such date, interest on the said Debentures will cease to accrue.

The said Debentures should be presented and surrendered at the offices set forth in the preceding paragraph on the said date with all interest coupons maturing subsequent to the redemption date. Coupons due March 15, 1985 should be detached and presented for payment in the usual manner.

For UTAH INTERNATIONAL FINANCE CORP.
By CITIBANK, N.A., Trustee

February 11, 1985

UK COMPANY NEWS

Granada has plenty of growth opportunities

THERE ARE no shortages of opportunities for the Granada Group to grow, says the chairman Mr Alex Bernstein in his annual report for the year to September 29 1984, the company's fiftieth anniversary. "We look to the future with keen anticipation," he tells shareholders.

Television and video rental will remain the core of the business. New technology leads to many opportunities, including satellite broadcasting (a very substantial one), cellular radio and the microcomputer business.

Mr Bernstein says the initial decision not to invest in early cable franchise was a wise one, but the position could be reconsidered if conditions are thought to be right. For the present satellite broadcasting looks a more promising venture, "albeit with high risks."

The group has been invited to participate in the DBS consortium and this could have great potential. Here again, investment will only be made if "we can see it as a viable industry and an extension of our existing television and rental opportunities."

Turning his attention to the financing of broadcasting, the chairman says to permit advertising on the BBC may seem an expedient method of supplementing its revenues and of lessening the impact of a regressive tax. "But the fundamental principles underlying the financing of a successful broadcasting system remain the same and the viewing public will be badly served by any departure from them."

He says last year was a vintage one for the group's television programming, with the production of The Jewel in the Crown winning world-wide acclaim. But Granada's ability to produce such programmes "may be limited if changes in the present system of financing broadcasting presently being advocated were to come about."

The year was one of substantial progress, says Mr Bernstein, with the main event being the acquisition of Rediffusion's rental business for £120m satisfied by the issue of 78.2m shares. The integration of the business with Granada's will be substantially completed by September, and the benefits in terms of profitability will flow increasingly thereafter.

The merged company will have around 650 outlets under the Granada name. The best of some 800 outlets previously operated by the two separate companies are being selected for retention and they will be complemented by a single, streamline support organisation.

Mr Bernstein says the decision to purchase Rediffusion was based on confidence in the future of the television and video rental business in the UK. The reduction in the colour television subscriber base last year was "very small" and less than the previous year, and was again more than offset by the growth in video subscribers.

Overseas rental business had an excellent year with profits rising by 68 per cent, following doubled figures the previous year. Although that rate of growth cannot be expected to continue, the results show that the investment and faith in overseas rental have been vindicated.

Channel 4 consolidated its position. The directors have faith in its future, but note that the group's subscription greatly exceeds the proceeds from additional advertising revenue and sales of programmes to it.

A minor setback was the holiday business, which suffered a loss resulting from intense competition. As it was thought unwise to devote more money and time to this operation, it has ceased trading.

In Granada's other operations, bingo retains its popularity. Admissions were slightly lower but tight control has enabled margins to be improved. Motorway services enjoyed an excellent year with profits up 48 per cent, effective management control adding to better sales of petrol, catering and retail shops.

In the year ended 1983-84 the group turnover moved up from £521m to £634.2m and the profit before tax from £43.46m to £53.75m. The dividend is 6.4p net (5.8p).

Mr David Plowright, a director, occupies a house owned by Granada Television to help him better perform his duties, and he contributes to the outgoings. He has the option to purchase the house at the cost price to Granada Television — £81,000 — any time during his employment or within six months thereafter. At September the house had an open market value professionally estimated at £150,000 (previous year end £135,000).

The business dates back to the early 1900s when the Bernstein family ventured into show business with the opening of the Edmonton Empire music-hall. Throughout the 1920s a chain of cinemas was built up and in 1934 Granada Theatres was formed to bring the existing interests under one name. It came on to the Stock Exchange the following year. In the period 1936-38 a new Granada cinema was being opened every three months.

After the war, Granada moved on to television and, with the creation of the independent network in 1954, gained the contract for the whole of the North of England. It signed its first advertising contract a year later, and in May 1956 transmitted its first television programme. In 1960 the Coronation Street programme started.

The first TV rental showroom was opened in 1961, and the first motorway service area and bowling alley in 1965.

In 1968 the ITV regions were realigned and Granada got the seven-day contract for the North-West, and the following year saw the first colour transmission. Since then, all the group's activities, including bingo, have been expanded. Over 19,000 staff are employed.

NOTICE OF PREPAYMENT

The Long-Term Credit Bank of Japan, Ltd.

(Incorporated in Japan)

Floating Rate Certificate of Deposit

US$10,000,000.00 No. 3 BBF 000001-000020

Issued on 28th March 1983 Maturing 27th March 1986

Callable in March 1985

Prepayment date 28th March 1985

In accordance with the provisions of the Certificates, notice is hereby given that The Long-Term Credit Bank of Japan, Ltd. ("The Bank") will prepay the principal amount on the next Interest Payment Date, 28th March 1985, together with the interest accrued to that date.

Payment will be made against presentation and surrender of the Certificates at the Bank's London Office at 18, King William Street, London EC4N 7BR.
19th February, 1985.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Implications of the threat to America's SBA

BY STEWART FLEMING AND WILLIAM DAWKINS

THE IMPLICATIONS of President Ronald Reagan's proposal in his recent budget message to phase out the *U.S. Small* Business Administration are just beginning to be digested in Europe.

Reagan's recommendation is just the first phase of what may well turn out to be a protracted Congressional battle over the future of an agency with some $15bn (£13.8bn) of loans outstanding and a potentially influential constituency of interest groups to call on for support.

The SBA, which has achieved a high profile both in the U.S. and abroad during its 30 years' existence is a source of soft loans, subsidies and advice. But its most important role is as a national advocate of the small businessman's cause in Government—a function which may now be taken over by the Commerce Department.

The proposal comes as a political blow to small business lobbyists in Europe who have been arguing for the establishment of SBA-type bodies in *their own countries.* Belgium already runs a similar system. the European Commission is floating the idea of an EEC-wide organisation to represent small and medium sized enterprises. and a number of groups. like the Union of Independent Companies, have been pushing for an agency in the UK.

There is also an ironic message for the European governments which have modelled their small business policies on the SBA's experience. The UK's Loan Guarantee Scheme. for example, was at least partly based on the guaranteed credits which the SBA has been providing for the past 15 years.

Politicians and their advisers who are attempting to assist small companies in Europe will be little helped by the fact that the largest *economy* in the world is thinking of closing its own small business agency. "It's a disappointment," says Murray Charlton, small business adviser to the *Conservative central* office in London. "While some people think that the SBA is a very bureaucratic organisation, it has at least kept the big battalions at bay and helped small business compete with big business."

Reagan is proposing that all *of the SBA's lending* programmes should be phased out beginning in 1986, while many of its non-financial tasks would be taken over by a new administration for *enterprise* and development within the Commerce Department.

The SBA's future, however, will not simply be decided on *the merits of the case for eliminating it or letting it live.* Its future is bound up in the wider debate over the yawning U.S. budget deficit.

If Congress and Reagan can agree a compromise on cutting the deficit. then the SBA is more likely to be axed. But if the President's budget cutting package makes no headway, the SBA may well be reprieved—at least partially.

In one sense, it is surprising that the President and his administration — with their heavy ideological commitment to the virtues of the free market — have not rattled their sabres at an interventionist body like the SBA before. It is not difficult to make out a case against allowing it to continue to spend $1.6bn of federal budget funds a year and issue some $3.5bn of federal loan guarantees to small business.

Free market

In a background paper on the Administration's budget cuts for example, the Office of Management and Budget (OMB) points out that in 1983 the SBA gave credit to only 21,500 of the 14.5 small businesses in the U.S. and aided less than 2 per cent *of the 600,000 new businesses* which were started in that year. It points out that car dealerships, restaurants, bars, doctors and dentists have been the largest recipients of SBA loan guarantees so far this decade—a revelation which does nothing to help the SBA's image as a contributor to commercial innovation and technological development.

The OMB points out that 77 per cent of the SBA's loan subsidies in 1983 went to repeat customers and argues that the agency is only propping up marginal businesses. Just how marginal was underlined by the 20 per cent default rate on SBA loan guarantees between 1979-1981 and the $4bn of defaults between 1972 and 1984.

The fact that the SBA has evolved into a nationwide bureaucracy with 3,900 employees, spending $220m a year on salaries and that it has become what some observers see as a congressional "petty cash" operation which allows congressmen to channel government funds to their districts has also made the SBA a sitting duck for Reagan Administration officials and supporters. They see in Washington far too many bloated bureaucracies serving special interests and their own self interest.

Even officials within the SBA concede that not all of these criticisms are off the mark. The SBA has become overweight. there are programmes such as the $250m a year direct subsidised lending scheme which may not be justifiable.

But the SBA's defenders maintain that the agency is doing an economically useful and essential job by helping the employment-creating small business sector, by encouraging small businesses to compete effectively for government procurement contracts with the well established industrial giants, by *supporting minority* businesses and by acting as an advocate for small business in Washington's policy debates.

The Administration has re*cognised at least the political* force of some of these arguments by proposing to retain some of the SBA's functions, like advocacy, within the Commerce Department. *It* also says that minority small businesses will continue to receive "contractual financial and managerial assistance" and that "volunteer retired and active executives will continue to provide management assistance for small business managers and owners."

These promises give SBA supporters little comfort. They fear that the small business voice will be lost in the huge Commerce Department bureaucracy and that they are being offered a staging post on the route to ultimate oblivion.

How this will be resolved is *impossible to predict with* any confidence. It is reasonable to assume, however, that if the SBA survives it will only be as an organisation which is re*formed and slimmed down,* and one which does not make so tempting a target either to the free market ideologies or the budget cutters at the White House.

When preparation and opportunity converge

The HOW TO of...

MANAGING YOUR LUCK

MANY PEOPLE think that luck is a key factor in business. They attribute others' success to "good" luck and their own under-achievement to the "bad" variety.

Self-effacing people sometimes bolster this view by ascribing their own success to luck. But analyse what they did and it soon becomes clear how well prepared they were to take their chances. Indeed, what people call "good luck" is usually what happens when a prepared person is confronted by opportunity.

"Bad" luck is the opposite; opportunities are missed or calamities become unavoidable because people fail to put themselves in a position to do anything about them in what time they have available.

If chance has anything to do *with it, it is because of* attributes acquired through accident of birth or upbringing—such as optimism, determination, stickability, and confidence. People who start in small business without those qualities usually fail.

But even people with them do not always succeed. Often it is because they never realise that hopeful wholeheartedness is not enough. What counts is being as much as possible in charge of events. rather than their being in charge of you.

In practice this means running your business on the *bases of analysis, planning,* preparation, evaluation and thought-out action. All these things demand a discipline that is anathema to many "born entrepreneurs" who find themselves in small business.

This is reflected in the way the Government, banks and accountancy profession are constantly trying, separately and together, to help small business people "professionalise" their management. The hopes are, first, that numbers of failures will be reduced and, second, that more small businesses will prosper rather than merely survive, which is all most can hope for at present.

Moshe Gerstenhaber, a leading member of the British Franchising Association, says that one reason why the failure rate in franchising is as low as 2 per cent is that reputable franchisors vet potential franchisees not *only for* their "natural" small business attributes—and particularly stickability—but also for their willingness and capacity to learn *professional* managerial skills and techniques.

Without them, the small business person really does rely on "being lucky" to survive, *hoping* that an order will turn up in time to pay next month's taxes or last quarter's impatient creditors.

Fast reaction is not enough. The oposite approach is the "pro-active" one where people manage their working weeks to leave time for thought, keep management accounts and constantly monitor profitability. They also budget ahead realistically, with enough conservatism on sales and costs to have both achievable goals and financial elbow room for those unexpected contingencies that the less well organised call "bad luck."

The business that is run along these lines rarely encounters real crises because the person in charge sees them coming from a long way off and manoeuvres accordingly. Similarly, when opportunities beckon, rational decisions can be made as to *whether to seize them or not.*

Of course, there will always be some things you can do little about, such as a sudden rise in interest rates. But *other potential "bad"* luck, such as the insolvency of a large debtor, should be minimisable by, in this case, good credit control.

What banks and backers want are people in small business who calculate risks carefully and who do not over-extend their managerial or financial capabilities. Competence, not luck, is their watchword.

L. H. F.

A booklet containing all Ian Hamilton Fazey's "How to . . ." articles will be published next month. Inquiries regarding bulk orders should be made to Nicola Banham, Publicity Department, Financial Times, Bracken House, Cannon Street, London EC4P 4BY. Single copies will cost £3.75.

Enterprise agencies

Taking their own medicine

BRITAIN'S enterprise agencies *have been so preoccupied with* helping to organise small businesses that they have neglected to monitor themselves. As a result, they may be unaware of *the financial* problems that will affect them in the next few years and will need to question how their role should develop in regenerating the economy.

This is the implication of a four-year strategic plan drawn up by John Rosthorn for Macclesfield Business Ventures, the agency where he has been a founder-director on secondment from ICI since 1982. His plan makes uncomfortable reading.

Mike Garrod of Business in *the Community* (BIC), the national charity funded by the private sector which has encouraged the mushrooming of enterprise agencies all over Britain, believes that *the other* 233 groups should follow Macclesfield's lead urgently. Apart from encouraging what he calls "individual vision." Garrod says that strategic planning would concentrate agency directors' minds on the central issues of fund-raising and future financial needs.

The agencies' principal activity is small business counselling; they represent a cornerstone of government policy to generate new jobs through people starting up on their own. Most agencies rely on local authorities and corporate sponsors for resources.

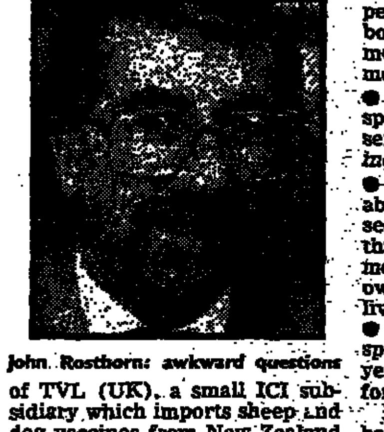
They provide a national network of advisory centres with the Government contributing practically nothing, though it does *allow the private sector to* offset contributions to agencies against tax.

The enterprise agencies' breakneck growth — from a *handful in 1981 to 234 now and* a projected 300 by the middle of next year — is one response to the political and social pressures of unemployment. But whether they are to be a permanent feature of British industrial development is less clear. The main imponderable, according to Rosthorn, is who is going to be responsible for their long-term funding and how the agencies could address their markets more effectively.

So far all the agencies have been so busy coping with a nationwide clamour for small business advice that the questions about their future development have hardly surfaced. The fact that many are managed or *staffed by secondees from* banking or accountancy, each serving relatively short terms as part of their personal management development, has militated against agency managers taking a longer view.

Rosthorn may well spark off a more widespread recognition among enterprise agencies of *the importance of strategic* planning along corporate lines. Given his background it was probably inevitable that he would *start* asking awkward *questions.*

At 45, he is in mid-career and his last job with ICI was as marketing manager of the pharmaceuticals division. Before that he was managing director of TVL (UK), a small ICI subsidiary which imports sheep and dog vaccines from New Zealand and markets them throughout Europe. His initial training, after graduating from Manchester University in chemical engineering, was with Procter *and Gamble.*


John Rosthorn: awkward questions

He says: "We needed an action plan and clear view of where Macclesfield Business Ventures (MBV) was going. In *the world of enterprise agencies* we are always telling people they have to look ahead, but we had no long term picture of where we were going ourselves. We decided to take some of our own medicine."

What followed was some straightforward corporate and market planning. Defining the agency's core purpose, the classical "what business are we in?" of marketing management, was easy — MBV exists to *generate growth in small businesses in the Borough of* Macclesfield, which forms a sizable portion of Cheshire, including Wilmslow and Knutsford.

But Rosthorn says: "Business *counselling is mostly* related to start-ups or urgent rescue work. The failure rate in small business is disastrous. It seems clear that enterprise agencies are going to have to do more to reduce that failure rate. We need to develop a proper after-care service."

Rosthorn believes a more *pro-active role must* be adopted by agencies. Most of his key assumptions in developing along these lines apply to any enterprise agency. For *example:*

- National trends (the need for advice) will increase the need for enterprise agencies.
- Large-scale funding by the government is most unlikely.
- Funding is therefore going to remain fragile and highly dependent on local support, with both voluntary and forced mergers of agencies becoming more common towards 1988.
- Central and local government spending on business advisory services will come under *increasing pressure.*
- Many agencies will not be able to rely on dominant private sector funding in the long term; thus they will have to become more entrepreneurial in their own right and earn their own living.
- A realistic rate of loss of sponsorship is 10 per cent a year; new sponsors will stay in for three years.

In financial terms, Rosthorn has concluded that MBV will be £2,000 short of funds this year, £5,000 next year, £26,000 in 1987 and £35,000 in 1988. Total costs in the period will have risen from £30,000 to £68,000. *The biggest item then will* be the employment of counsellors to try to develop an after-care, as well as a start-up advisory service. In most cases these *costs are borne by large* companies seconding staff for nothing.

The question troubling the whole enterprise agency movement is how big is the pool of secondees, especially with numbers of agencies growing so rapidly?

Entrepreneurial opportunities, he says, include selling *starter-packs* or other home-grown advisory information, fee income for running training courses, and the *provision* of a chargeable but cost-effective monitoring service for banks and other lenders.

Ian Hamilton Fazey

Business Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

U.S. PUBLIC SHELLS

The following public shells are available for merger with substantial private companies wishing to be public and quoted in the U.S.

1. Fully reporting, 1,000 shareholders, $3m cash; no liabilities; auditors, Ernst & Whinney.
2. Fully reporting, 500 shareholders, $620,000 cash; no liabilities; auditors, Ernest & Whinney.
3. Certified audits, 900 shareholders, $17,000 cash; no liabilities.
4. Certified audits, 2,200 shareholders, $250,000 cash; no liabilities.
5. Fully reporting, 900 shareholders, $500,000 cash; no liabilities.

We are principals in each of the above public companies.

For further information, please contact
DAVIC FINANCIAL SERVICES
Suite 816, GSB Building
1 Belmont Avenue, Bala Cynwyd, PA 19004, USA
(215) 667-8225 Albert M. Zlotnick or Robert I. Zlotnick

PROPERTY PORTFOLIO FOR FINANCIAL ADVISORS

Our client, an old established EEC financial services group, plans to expand its property portfolio to include prime residential properties.

They wish us to assist in the appointment of Area Consultants for acquisitions, insurance and management services. Registered insurance brokers or well established financial advisors preferred. Our client envisages an annual retention plus sliding scale fees.

Principals only please apply to:
Montague Purford Rawal & Co, Accountants,
50a Pall Mall, London SW1Y 5JQ. Tel: 01-930 0590/5274

USA MARKET EXPLORATION

Can you sell your product in the USA? If you think there is a chance then it must be worth a preliminary investigation.

British born USA citizen with many years' practical marketing experience in many parts of the USA, invites manufacturers to send details of their products for an on-the-spot market appraisal.

Full details, including normal FOB prices, dimensions, including packaging, etc, for onward despatch to Lost Angeles by courier, to

MARKET APPRAISAL INC
C/o Instance Ltd, 1st Floor
Berkeley Square House, London W1

NEW PRODUCTS

High profit products available for manufacture and marketing under licence. Proven product, not a speculative item. Would suit a smallish company or subsidiary with sheet metalwork and electrical assembly facilities, and a small sales force selling to garage equipment dealers, tool hire and sales companies or related markets.

We have available the product designs, manufacturing jigs, component supplier specifications, and over 200 existing dealers.

We can demonstrate net profits exceeding £80,000 on turnover of £400,000 pa with ample potential for expansion.

In the first instance please supply full details of your company and we will respond with details of the product.

Write Box F5512, Financial Times
10 Cannon Street, London EC4P 4BY

REVERSIONS

Gentleman, aged 82, owns freehold of interesting house in Bedford Park, W4, valued at £360,000 including contents. Wishes to sell and lease back for his lifetime at low rent.

Please contact:
BRECHER & CO.
78 Brook Street, London W1
Ref: AEL

ZUG/SWITZERLAND

- ★ Formation, domiciliation and administration of your own Swiss company
- ★ Portfolio Management
- ★ Low corporate and individual taxation

For further information call or write:
Consulting & Agency AG
Zeughausg 7a, CH-6301 Zug
Tel: 42/21 58 44 - Telex: 865446
Tel: Monte Carlo 93/50 64 78

FAR EAST MARKETING COMPANY

Active throughout the Far East seeks to represent manufacturers/suppliers of products related to the food, pharmaceutical, toiletry, cosmetic and perfumery industries. Markets visited regularly

Write Box F5502, Financial Times
10 Cannon St, London EC4P 4BY

REPRESENTATION IN INDIA

Ex Managing Director of one of India's largest conglomerates with to overseas clients on reasonable many foreign collaborations, widely travelled, result oriented, having excellent contacts with Government. Representation, Marketing, Buying large Public and Private Sector Companies prestigious office, offers services for panies, based in New Delhi with terms.

Write Box F5514, Financial Times
10 Cannon St, London EC4P 4BY

PROPERTY COMPANY

Medium sized property company with gross assets +/− £10m (NAV +/− £5m) is seeking suitable quoted vehicle through which to gain SE or USM listing. Non property company or "shell" equally considered.

Details to Managing Director
Box F5508, Financial Times
10 Cannon St, London EC4P 4BY

ENTREPRENEUR OR COMPANY WANTED WITH INTEREST IN HANDS-ON PARTICIPATION

Management input required to market unique patented packaging equipment. Rewards, options and directorship

Write Box F5501, Financial Times
10 Cannon St, London EC4P 4BY

PRIVATE and PUBLIC Co's

RAISE CAPITAL WITH A DEBENTURE

Write Box F5165
Financial Times
10 Cannon Street, EC4P 4BY

NEW PRODUCTS

We specialise in finding U.S. partners for companies seeking licensing agreements for technology exchange, manufacturing under licence, also joint ventures and business sales/acquisitions

LLOYD REUTER ASSOCIATES
84 Blind Lane, Bourne End, Bucks
Tel: 06285 24576

SMALL ENGINEERING COMPANY

Operating from Ormskirk area are interested in a merger (or full sale) to share overheads. Skilled small workforce. *Apply to:*
J. R. Sumner, FCA
Moors, Andrew Thomas & Co
94 Wilderspool Causeway
Warrington - Tel: 0925 52800

COMPANY IN NUTRITION AND HEALTH FIELD

Seeks additional funding for development

Write Box F5499, Financial Times
10 Cannon St, London EC4P 4BY

Buying a
DEC PDP/11 or VAX???
with Hard Disk Systems
from £5,650.00
and all the terminals and programs you need you MUST check with us BEFORE you buy!
Ring Martin or Neil
01-866 9283
PAL

ARE YOUR EXPORTS TO THE USA EXPANDING?

Well established firm in Florida is seeking British quality products in the paper, stationery, office supply and general "Custom free trade zone" line of merchandise.

Propositions to:
Anglo-American Brokerage Co Ltd
9 Kensington Park Road
London W11

100,000 PRINTS FOR SALE

VARIOUS SIZES

Write Box F5516
Financial Times
10 Cannon St, London EC4P 4BY

FINANCIAL DIRECTORS

BIG SAVINGS PLUS UP TO 75% Tax allowances on NEW AIRCRAFT PURCHASES made before 31 March 1985. Avoid unnecessary corporation tax liability. PHONE JOHN GILMAN NOW ON 0532 501450 OR TELEX: 557186.

PLAYWRIGHT with Edinburgh Fringe success urgently requires financial backing for London production. Dee McGovern, Padworth House, Reading RG7 4NP.

SOLE U.K. CONCESSIONNAIRE wanted for revolutionary new Digital Infra-Red Alarm System, no wires, installed in hours, retailing at less than £400 for the average house. Contact: Syntal STR Ltd., 35 Upper Fitzwilliam Street, Dublin 2. Telephone: (0001) 612300.

FIXED INTEREST MORTGAGE AT 12%

- ★ Commercial and industrial properties
- ★ For investment and owner occupation.
- ★ Up to 75 per cent of valuation
- ★ 15 year term
- ★ No redemption penalty

Contact S. A. Parnes

DRUCE EST 1822
Druce House
21 Manchester Square
London W1A 2DD
Tel 01-486 1252

DISTRIBUTORS REQUIRED

MANUFACTURER AND U.K. DISTRIBUTOR OF A SPEECH COMPUTER wishes to appoint Distributors/Dealers in EEC countries for a fast selling popular Speech Computer.

This product is said to be the only true Text to Speech computer manufactured and developed in the U.K. IDEAL for English teaching applications and for use with computers for blind and disabled. Recommended retail price US$200.00. Generous discounts for appointed dealers. Only well established computer Dealers/Distributors need apply.

Cambridge Microcomputer Centre, 153/154 East Road, Cambridge CB1 1DD, U.K. Phone: 0223 355404. Telex: 817445 NAMLDN G

UK-U.S. COMPANY EXPORTS U.S.A.

Companies wishing to establish Marketing/Manufacturing should write in confidence to the

Marketing Director, Hughes International Inc.,
336 Clubhouse Road, Hunt Valley, Maryland 21031, USA.
Telephone 0101 301 667 8868, Telex 234980214 (ITT),
or Telephone/Telex London Office Tel: 01-870 9088,
Telex: 935485 WELCOM G.

We have substantial Warehousing Facilities, Marketing Intelligence, Sales Force and can assist you to establish your Company and/or its products in the U.S. market place.

Bankers References given and expected.

INTERNATIONAL EXPOSURE

Does your company have Equipment, a Product or a Special Process which could be sold internationally?

Are you a successful company wishing to expand more rapidly than your experience or capital will allow?

Are you prepared to relinquish a proportion of your equity?

As a rapidly expanding British group with our own subsidiaries in the USA and Japan we sell and service our equipment worldwide. We are seeking interests in Companies who could benefit from this expertise.

Interested parties should send details of product and current sales in confidence to:
The Group Managing Director
Box F5275, Financial Times, 10 Cannon Street, London EC4P 4BY

Horse Racing Opportunities with winners enclosure 1985

Two companies/substantial individuals invited to participate with *successful owner* in two unnamed 2-year-old fillies
These will be stabled in Yorkshire with an established trainer
Tax and advertising benefits possible
Further information: Ref. IDH
Gordon House, Station Road, London NW7 2JU
Tel: 01-906 0016

PROPERTY FINANCE

Long Term Interest-only Institutional Mortgages now available at

12½% (Fixed)

Secured on good quality commercial and industrial properties for investment or owner occupation. Minimum loan £100,000. No endowment or pension policies required.

Seymour Adelaide & Co Ltd
88 Baker Street, London, W1
Tel: 01-935 2382

PRIVATE INVESTORS

Opportunity to acquire part equity in a private company engaged in the manufacture and distribution of unique automotive product with worldwide patent

Sales established in the UK and overseas. Enormous potential

Replies in confidence, principals only, to Box F5513, Financial Times
10 Cannon St, London EC4P 4BY

INTERACTIVE VIDEO SPORTS

Young company with unique patented electronic development, worldwide market interest, seeks qualified corporate partner in Hitech or with US/Japan contacts. Profit potential $13m over five years.

Principals Only
GOLFSTAR CORPORATION
Tel. 04865 4964

ENERGETIC FARMER

Owner of excellent 160 acre arable farm in Worcestershire, starved of capital due to marriage break up, wishes to sell, with the opportunity to rent back for 18 years. A further 140 acres adjoining known to be available.

Phone 0905 65628 evenings

CALIFORNIA MFG/SALES OPPORTUNITY

Manufacturer of precision equipment and mechanisms for the electronic, scientific, industries would like to manufacture and sell your product in the U.S. *Please write to:*
K. D. Cunningham
KENLAB CORP
14718 Wicks Blvd, San Leandro
California 94577, USA

UNIQUE OFFER

Offers are invited for a 25% interest in a famous London theatre, "listed" building. Past record of constant investment return at very good average levels.

Principals Only

Write Box F5508, Financial Times
10 Cannon St, London EC4P 4BY

OIL AND GAS OPPORTUNITY

Independent public U.S. oil and gas company seeks investors to fund no risk, high yield developmental drilling in established fields. Ideal for attorneys, accountants, money managers, and other sophisticated investors. Contact:
John Star
Black Star Petroleum Corporation
Oceanside, New York
Phone: (516) 536-7383
Telex: 14-6372 HARDYMACH OCSD

AGENTS REQUIRED

All areas for fast moving liquor products suitable for leisure industry, ie Pubs, Clubs, Discos

Tel. 01-591 2180
Mr Aldridge

A FINCA NEAR MARBELLA

An avocado plantation as a retreat in Spain. Beautiful location, excellent opportunities for any sports, such as golf, horseback riding, sailing, etc. etc.

Please ask for information:
HUBER TRUST CO. INC.
PO Box 222, CH-8027 Zurich
Tel: 01/202 91 77
Telex: 58421 HTAG CH

SMALL INDUSTRIAL ESTATE

Producing a nett yield of 7.73 per cent in an important South East town. 100 per cent industrial building allowance available. Price: £1,960,000. *Full details from:*
Peter Field
Fox and Sons Commercial
117/118 Western Road
Brighton 739201

PRIVATE COMPANY

REQUIRES

financial backing

for Property Development Commercial and Residential

Write to:
Garleon Developments Ltd
PO Box 162
High Wycombe, Bucks

Plant and Machinery

PRECISION ENGINEERING CAPACITY

London, Wandsworth based engineering company extensively equipped with brand new machinery has immediate capacity for all types of toolmaking, including jigs and fixture and moulds together with milling, turning, and fabrication both prototype and batch production — R & D facility — special purpose machinery a speciality.

Write, Telephone or Telex:
WELCOLINE LTD.
1-3 HARDWICKS WAY
LONDON SW18 4AW
Tel: 01-870 9888
Telex: 935485 WELCOM G

10 BLOCK WIRE DRAWING MACHINE, 1500/2500 FPM 35 HP A/C per block last block DC complete with all auxiliary equipment. Tel: 0902 42541. Telex: 336414.

GENERATORS FOR HIRE & SALE up to 2500 KVA, Home & Overseas. WOOLLANDS (WORCESTERSHIRE) LTD. Tel: 0386 2-22.

TRANSPORT/HAULAGE/VEHICLE FLEET required. With or without property. Confidentiality assured. M. Harrison. Tel: Barlaston (078139) 2969.

Computer Courses

ST GODRICS COLLEGE. LONDON

3-Day Microcomputer Courses

We offer 3-Day Microcomputer Courses for executives.
Also, full-time Secretarial and Business Courses and English for Overseas students

Apply to: The Registrar, (FT), 2 Arkwright Road, Hampstead, London NW3 6AD. Tel: 01-435 9831. Telex: 25589.

FINANCIAL PRESSURE?

Give yourself a breathing space

We specialise in re-scheduling every kind of payment over periods of 3, 6, 9 or 12 months depending on your requirements. We are experts in negotiating with large & small creditors, VAT, rates, rent, Nat Ins., Inland Revenue & Finance companies. We can help you avoid any impending court action & maintain your credit worthiness. We have many sympathetic sources of Bank & venture capital.

FOR FREE INITIAL CONSULTATION PHONE NOW ON — 01-499 5811

Financial Restructuring Inc.
20 Princes Street
Hanover Square, London W1

Prestigious High Technology Industrial Facility

PROMINENT M4 LOCATION Pre-Let to Subsidiary of Major Public Company
COMPLETION SPRING 1985
Substantial IBA's Available

Price £2,800,000

SUBJECT TO CONTRACT

deMorgan&Co
Chartered Surveyors
01-930 3222

VENTURE CAPITAL

Capital of up to £5m available for new ventures or for the expansion development or purchase of equity stakes in existing businesses

Please write to:
HILLSDOWN VENTURE CAPITAL LTD
Hillsdown House
32 Hampstead High Street
London NW3 1QD

BUSINESS EXPANSION SCHEME

First of new chain of Wine Warehouses to open in London is seeking up to £250,000 for 50% of its shares. Good poential in a solid growth market

For details contact:
G. Beverley, FCA
GORDON LEIGHTON & CO
Tel: 01-935 5737

BUSINESS WANTED

We are two professional managers who wish to meet with small or medium-size businesses who are in need of assistance with either management or finance. We are prepared to consider any arrangements from consultancy, partnership with existing owners, or outright purchase. The location should ideally be North Midlands, North West, or Yorkshire and Humberside.

Write Box F5511, Financial Times
10 Cannon St, London EC4P 4BY

WORKING PARTNER

Highly successful retail service business, company own units, sole UK distributor of the equipment, and franchising opportunity. The service is new, exciting, high tech, and unique in well defined market area. Looking for enterprising partner with finance to meet our expansion.

Write Box F5504, Financial Times
10 Cannon St, London EC4P 4BY

WEST END PREMISES

Prime location, close Oxford Circus, self-contained building, with approx 1,100 sq ft. office/light industrial. Long lease (13 yrs). 5 yr. rent reviews, low rent, v.g. condition. £16,600 ono for quick sale

Alternatively will consider proposition, using the above premises.

TEL: 01-734 3449/01-868 2122

Merchant Bank has funds for property development and mortgages Competitive rates

Write Box T6115, Financial Times
10 Cannon St, London EC4P 4BY

BUSINESS SALES

Various Businesses for sale or investment: UK. Wholesaler T/O £1.5m. Blind Manuf. T/O £750K. Travel Inv. £80K. Electronics Co. France—Cosmetics, Engineering, Foods, Electronics. Spain—Chemicals, Textiles, Engineering.

We seek good businesses for invest. up to £9m. Details of above:
BUSINESS SALES
25 Crown Lane, Chislehurst, BR7 5PL
Tel: 01-468 7244

WANTED

Business/or participation required by senior management executive with computing background. Anything considered with flexibility the keynote. £200,000 available.

Write Box F5509, Financial Times
10 Cannon St, London EC4P 4BY

INVENTORS TO INVESTORS

HODSON & ASSOCIATES

Business Expansion Specialists

How do you spot the next Henry Ford before he launches his company? As business expansion specialists our network of commercial and industrial accountants, patent experts and marketing organisations advise over 600 individuals every year on how to commercialise their sometimes brilliant business concepts. We maintain a register to introduce inventors and investors. If you care to join the register or receive case summaries which may enable you to catch a rising star whilst it is still below most investors' horizons.

Reply to Noel Hodson
HODSON & ASSOCIATES
14 Brookside, Oxford OX3 7PJ
Tel: 0865 69384

I.B.A UNITS from £42,500. 100% tax allowance. Wealden Industrial Properties Ltd, Tonbridge, Kent, TN11 0PU. Telephone: Pembury (0892 82) 4746, 24-hour answering service.

Business Services

Buying or selling a business? We can cover the risks

If you're involved in buying or selling a business, you can now insure against the risks inherent in giving warranties, indemnities, representations or covenants through:

Warranty & Indemnity Insurance

For full details of this brand new scheme, write, in complete confidence, to:- 31-35 St. Nicholas Way, Sutton, Surrey SM1 1JB. Tel: 01-661 1491.

DIRECTORS & OFFICERS LIMITED
A member of The Legal Protection Group

Take the plunge!

If you are thinking of starting your own business or developing an existing one we can help you through the first difficult years.

Our fresh and creative approach to all manner of business problems could save you months of worry and thousands of pounds.

Contact us now for further details.

HODSON & ASSOCIATES
Contact: Noel Hodson
14 Brookside, Oxford
Tel: (0865) 69384
Donald Peaty
23/24 George St, Richmond
Tel: (01) 948 7953

Our business is selling yours

CHESHAM
AMALGAMATIONS & INVESTMENTS LIMITED
LICENSED DEALERS IN SECURITIES
2 Lowndes Place, Chesham Place, London, SW1X 8DD. 01-235 9862

The best known name in merger broking

FINANCE FOR INTERNATIONAL TRADE

Globewide Finance has concluded arrangements with a major Financial Institution to provide facilities for import/export, back-to-back credits, pre-shipment finance and international trade guarantees, bonds, etc.

Principals only should contact:
GLOBEWIDE FINANCE LIMITED
77 Moscow Road, London W2 7EL
Tel: 01-727 6474 Telex: 8953620

CELLULAR?

In Car Telephones Ltd
01-723-1699
GOOD CHAPS

COLLINS-WILDE ASSOCIATES

wish to hear from principals of profitable non-franchising businesses of any size which may logically benefit from cash/funding injections from £50,000 upwards in exchange for 50% of the equity.

We also wish to hear from principals of companies who wish to plan their retirement or seek to acquire a partner.

Collins-Wilde Associates act as financial advisers to companies and may be retained to dispose of all or part of your business or identify fresh funding on a confidential basis.

Please contact either Terry Collins or Robert Graham

Collins-Wilde Associates Ltd.
HEAD OFFICE: P.O. Box 48, Winchester, Hampshire SO21 2LL
Telephone: 0962 75260 Telex: 477104
A wholly owned subsidiary of Collins-Wilde PLC

RECEIVABLES LIMITED

IMPROVE YOUR CASH FLOW
USE OUR PROFESSIONAL CREDIT STAFF ON TEMPORARY OR PERMANENT ASSIGNMENT UNDER YOUR CONTROL
WE CAN GIVE YOU THE IMPACT YOU NEED
We are specialists in all aspects of credit management
For details, contact Allan Wilson, FICM or Malcolm Fleet on 01-423 3355
60 High Street
Harrow-on-the-Hill
Middlesex HA1 3LL
Tel: 01-423 3355
Telex: 893728

A UNICOL GROUP COMPANY

PROBLEMS SOLVED PROFESSIONALLY

- Successful growth planning and financing
- Management buy-out
- Mergers and acquisitions
- Financial problem solving

Professional assistance in these and many other areas is available through the network of:
Clive Steiner & Associates
6th Floor, Northway House
High Road, Whetstone
London N20 9LP - Tel: 01-445 5566

48-HOUR OFFSHORE COMPANY FORMATIONS

PANAMA - DJIBOUTI
ISLE OF MAN - USA
Also Ready-Made Companies
With optional nominees, directors and confidential Swiss, USA, or Djibouti bank account
—Offshore Banks formed—
MONEX, 10 Park Place, St James's
London W1A 1LT - Tel: 01-408 2007

INTERNATIONAL OFFSHORE COMPANY INCORPORATIONS FROM £110.00

Comprehensive Administration, Nominee Services, Powers of Attorney, Registered Offices, Telex, Telephone, Mail Forwarding.
ISLAND RESOURCES
Ballacurrie House, Summerhill, Isle of Man
(0624) 28020/20240-28933
Telex: 628352 ISLAND G

U.S. CORPORATE ACQUISITIONS

In-depth nationwide searches conducted for Public & Private Companies
British American Consultants Inc
1665 Palm Beach Lakes Blvd
Suite 403, West Palm Beach
Florida 33401, USA
Phone: 0101 305 689 8988
Telex: 468740

INVEST TWO WEEKS IN BETTER HEALTH

Enter cardiac risk prevention and health reconditioning programme now. Elegant mansion, peaceful Surrey countryside, highly qualified medical supervision, 45 mins. from London.

Visit Enton Medical Centre
Enton, near Godalming, Surrey
GU8 5AL - Ring (042) 879 2233

LIMITED COMPANIES

FORMED BY EXPERTS
FOR £103 INCLUSIVE
READY MADE £111
COMPANY SEARCHES
EXPRESS CO REGISTRATIONS LTD
Epworth House
25-35 City Road, London, EC1
01-628 5434/5, 7361, 9936

INTERNATIONAL COMPANY FORMATION UK/OFFSHORE

IMMEDIATELY AVAILABLE
Isle of Man, Caribbean, Liberia, Panama, Channel Islands, Turks, etc.
Full domicile and nominee services
SELECT CORPORATE SERVICES
Mt. Pleasant, Douglas, Isle of Man
Tel: Douglas (0624) 23718
Telex: 628554 SELECT G
London Representive: 2-5 Old Bond St., London, W1. Tel: 01-493 4244.
Telex: 28247 SCSLDN G

CITY TELEX SERVICE

Computerised service designed to clear your backlog and multi-address traffic — FAST!
No Telex? Just telephone your message and leave the rest to us
TELEX OVERLOAD LTD
Tel: 01-739 7454 - Telex: 297371

DEAL DIRECT

with the designers employed by London's Top Design Groups.
Are we the invisible people already working on your brochure, packaging, publicity or corporate?

Contact Jill
01-437 9672

CONTRACT OUT YOUR CATERING — Delicious food with expert management. Milburns Catering Contracts Ltd, 01-430 1696.

PRESTIGE ACCOM. Add., Telex, 24 hr. tele. message service. Capital Business Services, Capital House, Market Place, London W3 6AL. Tel: 01-993 5325.

ASSETS of Insolvent Companies for sale. Receiver and Liquidators Classified. 01-637 3036.

£2.30 P.W. FOR EC2 ADDRESS combined with phone messages and telex under £6 a week. Prestige offices near Stock Exchange. Message Minders International, 01-628 0898. Telex: 8811725.

DIRECT MAIL LISTS & SERVICES—100s of ready-built Lists immediately available. Suppliers to leading UK companies. Free catalogue. Marketscan, Stirling House, Stirling Rd., Chichester, Sussex. Tel: (0243) 786711.

IBA'S IBA'S tax efficient yields up to 16.8%. Contact John Piper on 0273 728311.

MARBLE ARCH OR W1 — Confidential accom. add., tel. answ., telex, secretarial and luxury serviced offices. C. & S Group 01-402 9451.

Office Equipment

LIQUIDATED STOCK

2 RANK XEROX Desk Top plain Paper Photocopiers. Perfect working order. Under Service Contracts £375
CONON Word Processing System (NEW). Including Printer, Screen. WORDSTAR and MAILMERGE Software. Under Guarantee £1,950
RANK XEROX 3100 Plain Paper Photocopier. 30 Copies a minute. Good Condition £195
CS (0892 86) 2024

FOOD FOR THOUGHT

A cooking crisis?
Your problem is immediately solved by our experienced freelance or permanent cooks for any occasion
Tel: 01-937-4136

Businesses for Sale

BY ORDER OF THE RECEIVERS & MANAGERS
PHILIP MONJACK FCA & KEITH D. GOODMAN FCA

RETAIL JEWELLER

Offers are invited for the assets (including goodwill) of a retail jewellery group.

The operation includes concessions in a well-known retail chain together with freehold and leasehold property, with an annual turnover of approximately £1,000,000 (one million pounds).

Reply in the first instance to:

Philip Monjack FCA
Leonard Curtis & Co
PO Box 553 30 Eastbourne Terrace London W2 6LF

MEDIUM-HEAVY SUB-CONTRACT ENGINEERING COMPANY

NORTH-WEST ENGLAND

With very healthy order book and great potential for returning very good profits. Present turnover £1m, gross profits £400k, written down fixed assets £1m, with £450k capital allowances/tax losses. Available for sale or would merge with company looking for assets with capital allowances.

Principals only apply to:
The Chairman, Box G10450
Financial Times, 10 Cannon Street, London EC4P 4BY

COMPANY FOR SALE

A lucrative Engineering/Manufacturing Group of Companies for sale located in Derbyshire/South Yorkshire areas. Turnover for 1984/85 will be in excess of £1m

Apply in first instance to
Box G10479, Financial Times
10 Cannon Street
London EC4P 4BY

Businesses for Sale

Specialist Contractor in Marble & Granite

Business and assets for sale as a going concern

- J. Whitehead & Sons Limited, an old established specialist contractor in marble and granite for commercial buildings.
- Freehold premises of approximately 60,000 sq.ft. together with processing plant located in South London.
- Annual turnover in excess of £2½ million.
- Recent work includes banking halls and a number of developments in London and the Provinces.

A substantial order book is available.

Contact: Ken Jones and David Philip,
Joint Receivers and Managers
Robson Rhodes, 186 City Road, E.C.1.
Tel: 01-251 1644 Telex: 885734

ROBSON RHODES

South Wales Sawmill/Pallet and Case Manufacturing

The Joint Receivers and Managers invite offers for the sale of the business as a going concern. Trade is conducted from separate freehold sites, comprising a sawmill near Brecon, Powys and a manufacturing unit near Ammanford, Dyfed, close to the M4.

There is a substantial order book with a current turnover of approximately £700,000.

For further details contact either of the Joint Receivers and Managers:
Jeffrey Payne or Tony James
Payne & Co.
156, St. Helen's Road
Swansea SA1 4DG • Tel: 0792 466310

PAYNE & CO.
Chartered Accountants

Off License/Wholesale and Fine Wine Merchants

The Receiver and Manager offers as a going concern, the business and assets of Swansea based Clarke Williams (Swansea) Ltd. The company owns five freeholds and thirteen leasehold premises, consisting of two warehouses, fourteen off-licenses and two licensed premises. There are 95 employees and the turnover is in excess of £5m.

Further details from: R.A. Smart F.C.A.

Deloitte Haskins+Sells
16 Cathedral Road, Cardiff

Location: West of England **Sales: £3M+**

U.K. National Distributor of Industrial and Domestic Heating Control Equipment.
Private Retirement Sale – Investment Required: £650,000.
1985 Budgeted Pre-Tax profit – £100,000: Net Assets £400,000. Continuing management have plans for expansion.

Principals only to:
Martin B. Silverman, F.C.A. Morison Stoneham & Co.,
Chartered Accountants, 805 Salisbury House,
31 Finsbury Circus, London, EC2M 5SQ.
Phone: 01-628 2040 Telex: 888729 MS CO-G.

Morison Stoneham
Chartered Accountants

FOR SALE
GEAR MANUFACTURING BUSINESS
HOME COUNTIES
Excellent customer base
Extensive well maintained Plant
7,500 sq ft very modern long Leasehold Factory
Skilled Workforce
Turnover forecast over £500,000 — profitable
Owner retiring
Contact: C. J. C. Derry
Business Brokerage Division
Brownlow House
50/51 High Holborn
London WC1V 6EG
Tel: 01-405 8411
Telex: 897377
HENRY BUTCHER

FREEHOLD GARDEN CENTRE
For Immediate Sale
OVER 5 ACRES IN SOUTH OXFORDSHIRE
For further details contact:
The Liquidator, Richard Phillips
Tel: 01-493 7151
20/21 Princes St, Hanover Square
London W1R 8PX

FOR SALE
Public company wishes to sell a well established general engineering subsidiary, including fabrication & sheet metal work
30,000 sq ft Freehold
West Yorkshire
Write Box G10475, Financial Times
10 Cannon St, London EC4P 4BY

FOR SALE
CHANNEL PORTS AREA
Valuable Garage — Freehold
Italian and Japanese franchise
Main Road site—approx 6,000 sq ft
Luxury House included
FOR SALE £250,000
Write Box G10476, Financial Times
10 Cannon St, London EC4P 4BY

2 SUBSTANTIAL WINE BARS
In good Inner London situations
Trading very profitably and superbly furnished and equipped
£750,000 plus stock
Write Box G10481, Financial Times
10 Cannon St, London EC4P 4BY

TRADE MARKS DATABASE
SOFTWARE AND FILE FOR SALE
Offers invited
Write Box G10471, Financial Times
10 Cannon St, London EC4P 4BY

FOR SALE
LONDON BRANCH OFFICES OF LONG ESTABLISHED TRAVEL AGENCY — FULLY LICENSED (IATA, ABTA, BR)
For Sale — Individually/whole
Replies (treated in strictest confidence) to Box G10483
Financial Times
10 Cannon St, London EC4P 4BY

LYMINGTON, HANTS
Yacht Chandlery For Sale
2 prime leasehold waterfront positions, t/over for year ended 31.12.84 in the order of £270k. Serious six figure offers only. *Applications for tender documents in writing to:*
Paul E. Moody
Sharp Harrison & Reeder, Solicitors
4/5 Carlton Place
Southampton SO9 4UA

HIGH POTENTIAL RETURN
Enclosed fish farm unit, Yorkshire, suitable for production of 250,000 salmon smolts pa. Includes borehole water rights with potential royalty income of £80,000 pa from supply of water to others. £215,000 plus additional payment when water royalty commences.
Write Box G10482, Financial Times
10 Cannon St, London EC4P 4BY

FOR SALE
Highly successful company in the Computer Games Market. High turnover, gross and net profits with 2½ years figures available. Wholesale and retail customers, substantial mailing list with expanding export market. Company has its own tape duplicating factory. *Principals only to Box G10480, Financial Times*
10 Cannon St London EC4P 4BY

DIVERCO SELL COMPANIES NATIONWIDE
Priced £0.1m-£3m plus
Sellers and Buyers
Write/Phone:
DIVERCO Ltd.
4 Bank Street, Worcester
0905 22303

Timber merchants, timber fabricators and coal retailers,

Glastonbury, Somerset.

The joint receivers and managers of John Snow Co. Ltd. wish to sell the business and the business assets of the Company.

The Company operates from a freehold site of approximately 17 acres in Glastonbury with easy access to the M5 motorway.

The Company stocks softwoods, hardwoods and sheet materials and manufactures "twinplate" roof trusses, packing cases and pallets, portable buildings, site offices, garden sheds and fencing. Annual turnover is approximately £4 million per annum.

Further information may be obtained from:

J. S. Howells
Deloitte Haskins & Sells
Albion Chambers, Small Street,
Bristol BS99 7TR
Tel: Bristol 20514
Telex: 449263 DHS BTL G

Deloitte Haskins+Sells

FINLAKE LEISURE PARK

Located near Newton Abbot, Devon
(Spedding Leisure & Development Group Limited)

270 acres of lake and woodland including pine log cabins and touring caravan standings. Also central amenity area with restaurant, bars, shop, swimming pools, tennis courts and 9 hole golf course. Residential office and development properties at Torquay.

Further details from

W M Roberts
Ernst & Whinney
Becket House
1 Lambeth Palace Road
London SE1 7EU
Tel 01-928 2000
Telex 885234
Fax 01-928 1345

D H A Peacock
Ernst & Whinney
Southernhay House
36 Southernhay East
Exeter EX1 1LF
Tel 0392 33541
Telex 42592

E&W Ernst & Whinney
Accountants, Advisers, Consultants.

FOR SALE

CW/2109 — A southern manufacturer of perimeter heating systems with ongoing management and sales skills is available for acquisition. The company has a good order book and enjoys a gross margin of more than 40% with pre-tax profits of over £300,000. The working principals wish to plan their retirement (5 years +) and now intend to establish their "end game." The company is set on a sound footing and there exists a clear path for further growth through expansion of capacity.

The business is valued at £3 million of which a substantial portion will be payable immediately in cash and/or quoted securities. The balance may be paid over the life of a contractual agreement with the current owners and linked to turnover.

Collins-Wilde Associates will initiate a dialogue with principals who can demonstrate their ability to complete such a transaction.

Collins-Wilde Associates may be retained to seek out, scrutinise and negotiate the outright purchase of or merger with companies on a confidential basis.

For further details please contact R. P. Graham

Collins-Wilde Associates Ltd.
HEAD OFFICE: P.O. Box 48, Winchester, Hampshire SO21 2LL
Telephone: 0962 75260 Telex: 477104
A wholly owned subsidiary of Collins-Wilde PLC

International

USA MANUFACTURER OF LOW-VOLTAGE CABLES AND WIRES
Used in Computer and Stereo Industries
Sales $17m - Profits $2.4m
Net Worth $6.5m
Asking $9m with $3m down
Contact:
Business Buyers International Inc
6 Century Drive
Parsippany, NJ 07054, USA
Tel: (201) 285-1711
Telex: 230199 SWIFT UR Attn BBI
Our professional staff consists of Certified Public Accountants, Tax Attorneys, PhDs in Economics, MBAs, etc

OPPORTUNITIES IN SPAIN
Take early advantage of Spain's EEC entry in January '86! We represent a wide variety of profitable Spanish companies (most industries — annual sales to £40 million) seeking to merge or be acquired by foreign companies.
REDIRECTION, S.A.
Paseo Mallorca 26
Palma de Mallorca 07012: Spain
Telephone: (34-71) 21-20-46

INTERNATIONAL BUSINESSES FOR SALE APPEARS EVERY TUESDAY

Paper Products

The joint receivers of Spicers International Limited are offering the business for sale as a going concern. The business consists of the distribution of paper, printing and paper converting equipment and graphic supplies; with a turnover in excess of £10 million. The company operates principally in the Far East and in Africa.

For further information please contact:

Guy Parsons and Alan Milnes
Joint Receivers
Peat, Marwick, Mitchell & Co.
1 Puddle Dock
Blackfriars
London EC4V 3PD
Telephone: (01) 236 8000 Telex: 8811541

PEAT MARWICK

IDENTICAR

The Joint Receivers and Managers offer for sale the goodwill, business and assets of the Identicar group.

- The group holds the worldwide rights to a leading motor vehicle security marking system and has established franchises in the UK and overseas.
- It is also developing a motor vehicle security device.

All enquiries to J. A. Talbot or A. D. Lewis at:
Arthur Andersen & Co.,
10 Newhall Street,
Birmingham B3 3NP.
Tel: 021-233 2101.

ARTHUR ANDERSEN & CO.

£400,000
RELUCTANT SALE
(Owner retiring due to age and ill health)
OF
LONDON W.1 PRESTIGE PHOTOGRAPHIC BUSINESS
Established 37 years (5 mins Oxford Street)
Specialising in Society Weddings, Banquets and Portraiture
Double fronted prestige Modern Showrooms of approximately 4,000 sq ft
£100,000 of top quality equipment inclusive
Pako Paper Processors (18 inch)
New Vynal flooring, fully carpeted, 5 telephone lines
New 20-year valuable leases
This business offers exceptional opportunities for considerable increase under young dynamic new management
Write Box G10472, Financial Times
10 Cannon Street, London EC4P 4BY

Hotels and Licensed Premises

Robert Barry & Co
Specialist Hotel Agents & Valuers
Cotswold House, Cirencester, Glos. Tel: (0285) 2236 (Also London and Edinburgh)

Edinburgh 8 miles — In 7.5 Acres
THE DALHOUSIE CASTLE HOTEL
AN HISTORIC (12th CENTURY) FULLY LICENSED HOTEL with 24 individual suites/bedrooms, dungeon restaurant etc.
Indicated T/O over £400,000.
Offers over £350,000 for 112-year lease.

AYRSHIRE — IN 40 ACRES
AN ELEGANT GEORGIAN COUNTRY HOUSE HOTEL
11 luxury bedrooms (all pb), 4 magnificent public rooms.
T/O in excess of £200,000.
Offers over £225,000 complete.
Full particulars from the Sole Agents as above.

Businesses Wanted

Hotels

South East & East Anglia

Our client seeks to acquire either a small hotel group or individual hotels with 50+ rooms in London or the South East. Preferably, existing management would be retained. Replies in confidence to:

N. K. Challis Esq.
Peat Marwick Acquisition Services (Licensed dealer in securities)
1 Puddle Dock
Blackfriars, London EC4V 3PD
Telephone: (01) 236 8000 Telex: 8811541

PEAT MARWICK

Packaging, Paper Products

A highly successful UK public company wishes to acquire profitable packaging or related businesses in the UK, turnover in excess of £5m p.a.

This company has an impressive record of retaining the executives of medium sized entrepreneurial businesses within its corporate structure, following acquisition. Retention of a minority interest by management would be considered. Replies in confidence to:

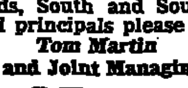
N. K. Challis Esq.
Peat Marwick Acquisition Services (Licensed dealer in securities)
1 Puddle Dock
Blackfriars, London EC4V 3PD
Telephone: (01) 236 8000 Telex: 8811541

PEAT MARWICK

SAFETY

This private limited Company, the market leader in the distribution of Safety Equipment, Protective Clothing and Industrial Rubber and Plastic products, wishes to expand by forming an association with, or by acquisition of, manufacturing/distribution companies with similar interests, based in the Midlands, South and South-West areas of the UK. Would interested principals please contact:

Tom Martin
Chairman and Joint Managing Director



P.O. Box 21, Waverley Street, Hull HU1 2SJ

INFORMATION TECHNOLOGY: ACQUISITIONS & JOINT VENTURES

Substantial IT & IS business with £multi-billion backing and having access to US and other markets, is accelerating expansion in size and its portfolio. Software houses and other specialists are especially relevant.

Reply by principals to Box G10473, Financial Times
10 Cannon Street, London EC4P 4BY

PRIVATE INVESTOR
With strong capital resources wishes to diversify and become involved with an up and coming company in need of capital injection and management expertise. Application in writing outlining the current performance and projections of the company to:
Box G10477, Financial Times
10 Cannon St, London EC4P 4BY

SELLING OR RETIRING FROM YOUR BUSINESS?
The Michael Shanly Group have *funds available for UK company* acquisitions, especially those with property assets. We can purchase as a going concern under your or our management. *Contact:*
James Darkins - Tel: (04946) 71331

PUBLIC COMPANY
Urgently requires to utilise tax losses in investment trading companies. *Interested in acquiring* shares in small or large companies allied to property/investment trusts or similar UK or offshore.
Write Box G10470, Financial Times
10 Cannon St, London EC4P 4BY

Growth Businesses
Public Company with substantial cash reserves would like to hear from successful privately held growth businesses with a view to discussing the possibility of a reverse takeover situation
Write with preliminary details in confidence to: Chairman
Box G10412, Financial Times
10 Cannon St, London EC4P 4BY

TRANSPORT/HAULAGE/VEHICLE FLEET required. With or without property. Confidentiality assured. M. Harrison. Tel: Barlaston (078139) 2969.

Waterman Electronics Limited

C&L

The business and assets of the above company are for sale as a going concern.

The company is engaged in the assembly of wire wound components, filters and transformers — MoD Approved 0524, and trade from modern leasehold premises in Poole, Dorset.

There are 46 employees and turnover is in the region of £600,000 per annum.

Cork Gully

For further details apply:
J. M. Iredale and C. King
Joint Receivers & Managers
CORK GULLY
21A Lansdowne Road
Bournemouth BH1 1JG
Tel: 0202 290012
Telex: 41532

FOR SALE
THRIVING SPECIALIST PRE-WAR CAR SPARES & RESTORATION BUSINESS
Annual sales £100,000+
Established West of England 10 yrs
Write Box G10484, Financial Times
10 Cannon St, London EC4P 4BY

FOR SALE
UNIQUE RETAIL
BAKERY BUSINESS
Five prime leasehold sites
Enquiries to Box G10485
Financial Times
10 Cannon St, London EC4P 4BY

UP-MARKET RETAIL BUSINESS FOR SALE — GIFTS ETC.
Widely known prestige name based in smart area of London. Turnover £500,000 plus. Successfully established and with obvious potential for expansion.
Replies to Box G.10486,
Financial Times,
10, Cannon Street, London EC4P 4BY.
treated in Strict Confidence

FOR SALE — Windsor Leatherwear Ltd. Manufacturer of Men's and Ladies' leather garments. To include VALUABLE FREEHOLD PREMISES. Plant, machinery, stock and work in progress, order book, trade work, etc. Please apply to Managing Director, Windsor Leatherwear Ltd., 172/176 Kings Cross Road, London WC1X 9DH. Tel: 01-278 1141.

PACKAGING MERCHANTS N.E. for sale. Turnover £1 million—Polythene, Paper, S.F. Corrugated. Large % of direct from Mill sales. Owner retiring. Write Box G.10474, Financial Times, 10, Cannon Street, London, EC4P 4BY.

Company Notices

BNP OPENS A SUBSIDIARY IN NORWAY

BANQUE NATIONALE DE PARIS, the leading French bank which has had a representative office in Norway since 1976, has obtained the approval from the Norwegian authorities to open a bank in association with FORRETNINGSBANKEN, fifth commercial bank in this country.

The capital of the BANQUE NATIONALE DE PARIS NORGE A/S, whose registered office is in Oslo, will be 40 million Norwegian kroner, 75% of which will belong to BNP and 25% to FORRETNINGSBANKEN.

BANQUE NATIONALE DE PARIS NORGE A/S
Haakon VII's Gate 6, Oslo, Norway
General Manager: M. Paul-François Gauvin

PEMEX
PETROLEOS MEXICANOS
(a Decentralized Public Agency of the United Mexican States)
U.S. $100,000,000
Floating Rate Notes Due 1988
[illegible]

In accordance with the terms and conditions of the Notes and the provisions of the Reference Agency Agreement between Petroleos Mexicanos and The Industrial Bank of Japan, Limited dated August 7, 1981 notice is hereby given that the Rate of Interest for the eighth Interest Period has been fixed at 9⅞% p.a., and that the interest payable on the relevant Interest Payment Date August 19, 1985 against Coupon No. 8 will be US$496.49 and has been computed on the actual number of days elapsed 181 divided by 360.

February 19, 1985
By The Industrial Bank of Japan, Limited.
Reference Agent Singapore Branch
IBJ

REGIE NATIONALE DES USINES RENAULT
INTERNATIONAL ISSUE OF FF 200.000.000,- 7,25 % 1972 / 1987

We inform the bondholders that the March 15, repayment instalment of FF 20.000.000,- has been made by purchase on the market.

Amount outstanding: FF 82.000.000,-

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE DE BANQUE
Succursale de Luxembourg
15, Avenue Emile Reuter
LUXEMBOURG

CANADIAN PACIFIC ENTERPRISES LIMITED
Notice of Record Date for 1985 Annual Meeting of Shareholders

Notice is hereby given, pursuant to the requirements of the Canada Business Corporations Act, that the *directors have fixed the close of* business on Friday, March 15, 1985, as the record date for the determination of the holders of common shares of the Corporation who will be entitled to receive notice of the Annual Meeting of Shareholders to be held in Calgary, Alberta, at 11.00 am (Calgary time), on Friday, April 26, 1985.

SONATRACH
US$60,000,000 Floating Rate Serial Notes due 1991
NOTICE IS HEREBY GIVEN that the Rate of Interest has been fixed at 10⁹⁄₁₆% and the Coupon Amount payable August 19, 1985, against Coupon No. 13 will be US$504.51.
By: CITIBANK, N.A., LONDON
Agent Bank
February 19, 1985

Legal Notices

THOMAS ROBERTS (WESTMINSTER) LIMITED
COMPANIES ACT 1981
(SECTION 56)
(registered in England No. 221528)

TO WHOM IT MAY CONCERN, Notice is hereby given pursuant to Section 56 of the Companies Act 1981 that:

(1) The above-named Company has approved a payment out of capital for the purpose of acquiring its own shares by purchase.
(2) The amount of the permissible capital payment for the shares in question is £1,448,977 and the resolution approving such payment of capital was passed in 14th February, 1985.
(3) The Statutory Declaration of the Directors and the Auditors' report required by Section 55 of the said Act are available for inspection at the Company's registered office at Brettenham House, Lancaster Place, London WC2E 7HX.
(4) Any creditor of the Company may at any time within the five weeks immediately following 14th February, 1985 apply to the Court under Section 57 of the said Act for an order prohibiting the payment.

14th February, 1985.
SLAUGHTER AND MAY,
Solicitors to the Company.

Art Galleries

AGNEW GALLERY, 43, Old Bond St., W1. 01-629 6176. 112th ANNUAL WATER-COLOUR EXHIBITION. Until 22 Feb. Mon.-Fri. 9.30-5.30. Thurs. until 6.30.

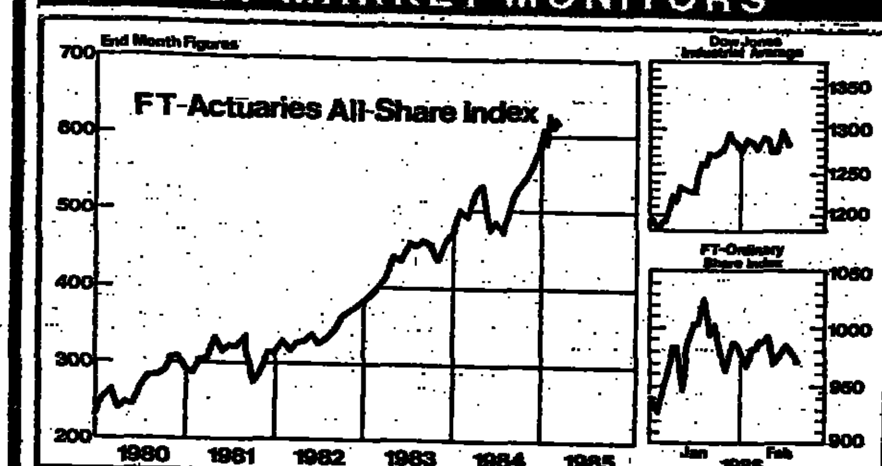
CLASSIFIED ADVERTISEMENT RATES

	Per line (Minimum 3 lines)	Single column cm (Minimum 3 cms)
Commercial and Industrial Property	10.50	35.50
Residential Property	8.00	27.00
Appointments	11.00	37.00
Business, Investment Opportunities, Business for Sale/Wanted	10.50	35.50
Personal	8.00	27.00
Motor Cars	8.00	27.00
Hotels and Travel	8.00	27.00
Contracts and Tenders	10.50	35.50
Book Publishers	—	net 17.50

Premium positions available
£7.00 per single column cm extra
For further details write to:
Classified Advertisement Manager
Financial Times, 10 Cannon Street, EC4P 4BY

Controversial Danish $200m FRN baffles Euromarket, Page 40

KEY MARKET MONITORS



STOCK MARKET INDICES

	Feb 18	Previous	Year ago
NEW YORK			
DJ Industrials	closed	1,282.02	1,148.87
DJ Transport	closed	629.21	502.31
DJ Utilities	closed	150.85	124.66
S&P Composite	closed	181.60	155.74
LONDON			
FT Ord	970.5	979.9	812.5
FT-SE 100	1,268.7	1,281.5	1,041.9
FT-A All-share	612.20	616.98	490.86
FT-A 500	669.80	674.71	525.85
FT Gold mines	511.4	495.8	616.9
FT-A Long gilt	10.78	10.71	10.22
TOKYO			
Nikkei-Dow	12,149.15	12,148.3	9,925.1
Tokyo SE	945.91	944.45	768.49
AUSTRALIA			
All Ord.	790.5	786.2	750.4
Metals & Mins.	460.1	454.9	520.1
AUSTRIA			
Credit Aktien	64.96	64.20	55.39
BELGIUM			
Belgian SE	2,162.76	2,159.42	–
CANADA			
Toronto			
Metals & Mins	2,140.5 *	2,153.6	2,191.0
Composite	2,606.68*	2,614.4	2,383.0
Montreal			
Portfolio	130.99*	131.44	117.05
DENMARK			
Copenhagen SE	n/a	176.18	207.06
FRANCE			
CAC Gen	200.9	200.8	159.6
Ind. Tendance	108.9	109.1	85.2
WEST GERMANY			
FAZ-Aktien	402.76	401.66	357.6
Commerzbank	closed	1,170.0	1,055.6
HONG KONG			
Hang Seng	1,427.18	1,405.9	1,094.87
ITALY			
Banca Comm.	288.22	283.98	219.37
NETHERLANDS			
ANP-CBS Gen	201.3	201.4	161.8
ANP-CBS Ind	159.4	139.3	132.5
NORWAY			
Oslo SE	322.51	327.22	236.29
SINGAPORE			
Straits Times	810.90	804.14	1,037.13
SOUTH AFRICA			
Golds	n/a	895.0	915.4
Industrials	n/a	868.7	969.3
SPAIN			
Madrid SE	116.23	115.93	83.23
SWEDEN			
J & P	1,437.05	1,448.12	1,547.23
SWITZERLAND			
Swiss Bank Ind.	415.9	415.7	371.5
WORLD	Feb 15	Prev	Year ago
Capital Int'l	197.3	196.6	179.6

GOLD (per ounce)

	Feb 18	Prev
London	$304.50	$304.25
Zürich	$304.25	$304.15
Paris (fixing)	$303.59	$304.18
Luxembourg	$305.00	$303.45
New York (Mar)	closed	$303.80

* Latest available figure

COMMODITIES

(London)	Feb 18	Prev
Silver (spot fixing)	569.20p	573.00p
Copper (cash)	£1,290.50	£1,278.50
Coffee (March)	£2,326.50	£2,330.32
Oil (spot Arabian light)	n/a	$27.725

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Feb 18	Previous	Feb 18	Previous
$	–	–	1.0985	1.1035
DM	3.296	3.265	3.6025	3.6
Yen	260.0	256.8	284.25	283.0
FFr	10.0725	10.05	11.01	11.025
SwFr	2.801	2.778	3.0625	3.0625
Guilder	3.73	3.698	4.08	4.0825
Lira	2,036.5	2,020.0	2,226.5	2,229.0
BFr	66.2	65.65	72.4	72.5
C$	1.34035	1.34025	1.4635	1.477

INTEREST RATES

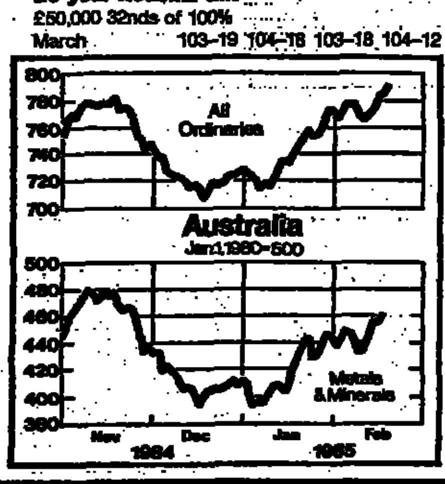
	Feb 18	Prev
Euro-currencies (3-month offered rate)		
£	13 15/16	13 7/8
SwFr	5 13/16	5 3/4
DM	6 3/16	6 5/16
FFr	11 1/4	11 5/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 1/8	9
6-month U.S.$	9 5/16	9 1/2
U.S. Fed Funds	closed	8 1/2
U.S. 3-month CDs	closed	8.6
U.S. 3-month T-bills	closed	8.18

U.S BONDS

Treasury	Feb 18 Price	Feb 18 Yield	Prev Price	Prev Yield
9 3/4 1987	closed		99 20/32	9.95
11 5/8 1992	closed		101 27/32	11.23
11 1/4 1995	closed		99 24/32	11.29
11 1/4 2015	closed		100 3/32	11.23
Corporate				
AT & T				
10 3/8 June 1990	closed		98	11.20
3 7/8 July 1990	closed		76 1/2	9.55
8 3/4 May 2000	closed		78 5/8	12
Xerox				
10 1/4 March 1993	closed		95 3/4	11.45
Diamond Shamrock				
10 7/8 May 1993	closed		93 1/2	11.90
Federated Dept Stores				
10 1/4 May 2013	closed		88.572	12.05
Abbot Lab				
11.80 Feb 2013	closed		97.601	12.10
Alcoa				
12 1/4 Dec 2012	closed		96.897	12.65

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)				
8% 32nds of 100%				
March	71–22	72–18	71–21	72–16
U.S. Treasury Bills (IMM)				
$1m points of 100%				
March	91.78	91.86	91.76	91.79
Certificates of Deposit (IMM)				
$1m points of 100%				
March	91.08	91.20	91.06	91.18
LONDON				
Three-month Eurodollar				
$1m points of 100%				
March	90.68	90.72	90.66	90.74
20-year Notional Gilt				
£50,000 32nds of 100%				
March	103–19	104–18	103–18	104–12



EUROPE

Holidays prove an inhibition

THE CLOSURE of Wall Street markets for a public holiday inhibited activity in European centres yesterday, leaving many bourses to ease back from the record levels seen at the end of last week.

Trading was light in **Frankfurt**, celebrating its own carnival holiday, although the FAZ index of 100 industrial and commercial shares added 1.07 to a record 402.73. The Commerzbank index was not calculated.

Some of the strongest gains were recorded in the motor sector with Daimler up DM 4 at DM 646. BMW put on DM 2.50 to DM 370 as it announced higher 1984 sales and forecast higher profits for 1985.

Chemicals issues firmed in response to domestic demand, with BASF DM 2.90 ahead at DM 189.20, Hoechst 70 pfg better at DM 190.20 and Bayer DM 1.30 higher at DM 198.10.

Electrical group Siemens fell DM 2 to DM 545 while Nixdorf was DM 2.50 up at DM 542: the companies are among six European computer manufacturers that have agreed to co-ordinate development of software which can be used under a common operating system.

Wall Street reopens today after the Washington Birthday holiday while trading in Germany is curtailed due to Carnival. Singapore and Hong Kong close tomorrow for the lunar new year festival, and reopen on Monday.

The dollar's renewed rise sapped sentiment in the bond market bringing a reversal of Friday's sharp recovery. The soft tone of U.S. credit markets at the end of last week and this Friday's launch of a further Government loan stock, also depressed trading.

The Bundesbank bought DM 46.2m of bonds to cushion the easier trend, compared with sales totalling a large DM 120m last Friday.

An absence of foreign participation left **Amsterdam** unable to move ahead from Friday's peak levels and the ANP-CBS General index eased 0.1 to 201.3.

The market is also suffering from some concern over the effects of higher domestic interest rates.

One of the few shares to remain in demand was brewer Heineken which rose Fl 1.40 to Fl 156.60. Among major companies, Unilever ended Fl 1 lower at Fl 338, having been marked Fl 1.40 down in early trading.

Bond prices edged ahead on turnover that was sharply reduced by spring and Carnival holidays.

Profit-taking in the wake of last week's advances, left **Paris** mixed, with the mood soured by the announcement of a rise in January unemployment. The CAC General index added 0.1 to a record 200.9.

In the motor sector, Peugeot dipped 80 centimes to FFr 285 as its car producing units reported modest revenue gains for 1984.

A mixed performance was seen in **Zurich** with many investors remaining out of the market.

Bonds were mixed.

Brussels moved ahead in moderate trading. Most non-ferrous metals issues firmed but Hoboken fell back BFr 170 to BFr 5,760 after reporting slightly higher results before exceptional charges for the period to the end of September, 1984.

The strength of the dollar boosted the chemicals sector where Solvay gained BFr 20 to BFr 4,070 and Tessenderlo added BFr 10 to BFr 2,975.

A firmer tone emerged in **Madrid**, led by the foods and construction sectors.

Banco Santander added 5 points to 341 per cent of nominal value after its announcement of higher net profit for 1984.

Milan also moved ahead with the Banca Commerciale index up 4.24 at a peak 288.22. Ciga rallied L335 to L8,250, in response to renewed market speculation that a foreign group might take a significant stake in the hotels holding company.

Stockholm was easier and Electrolux, the most actively traded issue, dipped SKr 4 to SKr 304.

Vienna continued on its record breaking streak with the Credit Aktien index up 0.76 at 64.96.

KUALA LUMPUR

Far ranging review under way

THE MALAYSIAN Government yesterday announced a temporary freeze on all new public listings and new share issues on the Kuala Lumpur stock exchange until an improvement is seen in the market, which has been depressed for the past 18 months, *writes Wong Sulong in Kuala Lumpur.*

Rights issues, bonds and shares issued for takeovers and mergers by existing listed companies will still be allowed, but on an "very selective" basis.

In a major policy speech, foreshadowing far-ranging changes to the securities industry, Mr Daim Zainuddin, the Finance Minister, also said:

● The Government was considering allowing merchant banks and foreign investors to take equity in Malaysian stock broking companies.

● The allotment of special share issues to Malay businessmen and institutions would be reviewed.

● New trading instruments, such as options and settlement trading, were being considered to give depth and dynamism to the exchange.

Mr Daim's announcement was welcomed by Mr Abdul Razak Sheikh Mahmood, the stock exchange chairman, who said it "would give a strong boost to the market."

However, Malaysian merchant banks stand to lose a lucrative portion of their income because a substantial part of their business is in advising corporate clients on public listings, share issues, acquisitions and mergers.

Last year, 14 companies with a paid-up capital of 522m ringgit ($209m) were granted public listings.

The minister also announced the new members of the Capital Issues Committee, the powerful Government watchdog of the exchange, which has been transferred from the central bank to the Treasury.

Tan Sri Thong Yaw Hong, Treasury Secretary-General, is the new CIC chairman, replacing Tan Sri Aziz Taha, the central bank governor.

Reiterating government concern that the continued depressed stock market could affect investor confidence in the economy, Mr Daim identified the saturation of scrips and continued selling by Malay businessmen as two major contributing factors.

He said listed companies raised a total of 2.8bn ringgit last year, compared with 2bn ringgit in 1983 and 800m ringgit in 1982.

"While this rapid expansion is in line with the policy to facilitate private capital mobilisation to stimulate economic growth, I must advise that the securities market should be given time to consolidate itself. There should be no explosion of new listing of public companies and proliferation of public offers of shares which cannot be readily absorbed by genuine investors."

Mr Daim strongly criticised Malay businessmen and institutions for selling shares given to them at heavy discounts under the Government's new economic policy.

"These allotments of new issues and special issues to Bumiputras (Malays) are intended for them to retain as investments," he said.

TOKYO

Retreat from high ground

INVESTORS retreated to the sidelines in Tokyo yesterday after the Nikkei-Dow market index scored all-time highs last Thursday, Friday and Saturday, *writes Shigeo Nishiwaki of Jiji Press.*

The index shed 20.77 from Saturday's record 12,169.92 to 12,149.15, although advances outnumbered declines 376 to 348, with 150 issues unchanged. Trading contracted from 405m shares on Friday to 243m.

Blue chips, sought in the second half of last week in increasing volume, found few buyers. With Wall Street closed, investors had no guidance yesterday. They were also worried about a speech by Mr Paul Volcker, U.S. Federal Reserve Board chairman, sheduled for today.

The announcement, due today, of the margin buying balance on the Tokyo, Osaka and Nagoya exchanges – expected to hit a record high – was a further source of concern for Tokyo investors.

The yen staged a sharp rally to 253.70 to the dollar at one point in Tokyo but this had little effect on trading.

Small-lot selling pressure hit blue chips. Only those related to compact disc digital audio players continued to firm, with Nippon Columbia adding Y90 to Y1,870, Olympus rising Y70 to Y1,400 and Nippon finishing Y100 higher at Y2,180.

Mitsui Mining and Smelting, most active with 11.43m shares changing hands, advanced Y19 to Y519. Mitsui Toatsu Chemicals added Y1 to Y220, with the day's second heaviest volume of 11m.

Mitsui Sugar jumped Y40 to Y590, but other biotechnology stocks collapsed. Yamanouchi Pharmaceutical closed at Y3,890, losing Y100, while Kaken Pharmaceutical plummeted Y230 to Y3,520.

Banks advanced for the first time in recent sessions. Sanwa advanced Y70 to Y1,420 and Sumitomo added Y40 to Y1,800.

Bond trading was inactive, with institutional investors and brokerage houses seeking appropriate price levels in the wake of the rally late last week. The yield on the benchmark 7.3 per cent government bonds, maturing in December 1993, rose from Saturday's 6.730 per cent to 6.755 per cent.

HONG KONG

Inspiring battle for the hongs

THE PROSPECT of a battle for control of Wheelock Marden, the leading "hong," or trading group, fuelled a rally that took Hong Kong share prices sharply higher, *writes David Dodwell in Hong Kong.*

The weekend bid of HK$2.1bn (U.S.$ 269m) from Sir Yue-Kong Pao's Hongkong and Kowloon Wharf and Godown company gripped a market that would normally be drifting quietly into the Chinese lunar New Year.

The Hang Seng index jumped 21.25 to close at 1,427.18. Stock turnover was HK$549m – extraordinary in view of the fact that share dealings in Wheelock were suspended for the day.

The rise follows a 51.54 point gain on Friday, when the territory's four stock markets recorded the largest volume of daily business since the middle of 1981 – HK$709m.

Fuelling the market were suggestions that a major international group – probably Anglo American, the South African gold mining company – was preparing a bid for Jardine Matheson, the colony's "princely" hong. Jardine closed HK$1.15 up at HK$9.90, its best level since last May. The seven quoted subsidiaries of Wheelock – which unlike the parent are not suspended – attracted speculative buying.

Part of the fuel for speculation over a bid for Jardine was no doubt simply that one of the two competing bidders for Wheelock is bound to fail. Both Tan Sri Khoo and Sir Yue-Kong Pao have put HK$2bn on the table with no great difficulty and have a declared interest in an acquisition in Hong Kong. Jardine Matheson would be more costly – at yesterday's closing price, its market capitalisation is just less than HK$4bn – but would not be out of reach.

Other reports link Anglo American with Jardine. Executives from Anglo have recently been in Hong Kong and have expressed interest in acquisitions in the area. But market analysts suggested this did not necessarily add up to a bid for Jardine.

AUSTRALIA

DESPITE a subdued level of trading, Sydney hit a record high with a 4.3 point rise in the All Ordinaries index to 790.5.

The lower Australian dollar, which is making domestic shares look relatively cheap to overseas investors, combined with the momentum gained last week to attract a broad range of price rises.

Gold mining issues gained ground although oil and gas shares were weaker. The high technology sector experienced renewed demand while banks ended mixed to higher.

LONDON

BOND and share prices drifted lower along with the sterling exchange rate in London yesterday.

Gilt-edged securities met with only light selling, but after the recent good two-day advance, came back to close ¾ down at the day's lowest.

The FT Ordinary share index, after opening 3.6 off, went progressively lower to close a net 9.4 down at the session's lowest of 970.5.

Details, Page 32; Share information services, Pages 33–34

SINGAPORE

SUSTAINED buying interest and short-covering ahead of the four-day Chinese lunar new year holiday pushed Singapore share prices higher over a broad front.

The Straits Time industrial index gained 6.76 to 810.90 on slightly reduced volume of 8m shares.

Kentucky Fried Chicken experienced strong speculative support and closed 88 cents higher at $3.44 with about 1m shares traded while Pan Electric added 5 cents to $2.90

SOUTH AFRICA

THE NARROW movements in the bullion price were reflected in small price changes in Johannesburg gold shares although some higher priced issues encountered strong support.

Buffels rose R1.50 to R67 and Free State Geduld closed 75 cents higher at R43.75 although Driefontein slipped 15 cents to R47.35.

AE&CI was unchanged at R7.15 after prospects of labour unrest at its Modderfontein dynamite factory, where 14 workers died in an explosion last Wednesday.

In industrials, Barlow Rand slipped 10 cents to R9.95 and Anglo American Industrial Corp was unchanged at R22.25.

CANADA

THE SIDELINES were crowded in Toronto with many investors waiting for Wall Street to open today after yesterday's U.S. market holiday. Golds displayed some gains although base metal miners and oil and gas issues were weaker.

Trading resumed in Canadian Tire after its fourth-quarter loss. It moved C$½ lower to C$9¾.

Utilities were the only bright spot in an easier Montreal.

WORLD STOCK MARKETS

Indices

	Feb. 18	Feb. 15	Feb. 14	Feb. 13	1984-85 High	1984-85 Low
AUSTRALIA						
All ord. (1/1/80)	790.5	786.2	785.3	778.9	790.5 (18/2/84)	548.5 (18/8)
Metals & Minls. (1/1/80)	480.1	464.9	456.5	445.5	567.4 (3/1/84)	395.8 (7/1/85)
AUSTRIA						
Credit Aktien (2/1/62)	64.95	64.20	53.50	63.08	64.95 (18/2/85)	53.20 (15/8)
BELGIUM						
Brussels SE (1/1/80)	2152.76	2139.42	2158.79	2150.85	—	—
DENMARK						
Copenhagen SE (3/1/83)	(u)	176.18	174.51	175.96	225.2 (29/1/84)	158.44 (8/1/85)
FRANCE						
CAC General (31/12/82)	200.9	200.90	200.5	198.3	200.9 (19/2/85)	155.6 (3/1/84)
Ind Tendance (28/12/84)	109.8	109.10	109.5	108.5	109.5 (14/2/85)	100.0 (28/12.8
GERMANY						
FAZ Aktien (31/12/58)	402.78	401.8	400.32	397.15	402.78 (18/2/85)	317.17 (25/7)
Commerzbank (1/12/53)	(u)	1170.0	1166.2	1156.9	1171.1 (22/1/85)	917.7 (25/7)
HONG KONG						
Hang Seng Bank (31/7/64)	1427.18	1405.93	1354.89	1336.32	14.279 (15/2/85)	746.02 (13/7)
ITALY						
Banca Comm Ital. (1972)	288.22	285.96	276 65	275.06	288.22 (18/2/85)	182.86 (2/1/84)
JAPAN**						
Nikkei-Dow (16/5/49)	1214.91	12148.3	12081.7	12025.7	12159.9 (18/2/85)	9703.35 (23/7)
Tokyo SE New (4/1/68)	946.91	940.95	931.80	924.12	941.91 (18/2/85)	730.48 (4/1/84)
NETHERLANDS						
ANP-CBS General (1970)	201.3	201.4	201.4	198.8	201.4 (14/2/85)	148.8 (25/7)
ANP-CBS Indust (1970)	159.4	139.5	156.7	157.4	159.4 (11/2/85)	118.7 (18/6)
NORWAY						
Oslo SE (4/1/83)	322.51	327.22	333.16	325.6	345.8 (8/2/85)	227.87 (4/1/84)
SINGAPORE						
Straits Times (1966)	810.98	804.14	802.82	805.74	1071.9 (8/2/84)	764.4 (15/1/85)
SOUTH AFRICA						
Gold (1958)	(u)	895.0	880.1	856.7	1093.8 (18/11)	756.1 (24/1/84)
Industrial (1958)	(u)	868.7	869.6	865.5	1105.3 (26/3)	853.5 (19/9)
SPAIN						
Madrid SE (28/12/84)	116.23	115.55	115.55	114.49	117.41 (4/2/85)	100.00 (28/12/84)
SWEDEN						
Jacobson & P (11/58)	1457.05	1448.12	1468.69	1452.5	1584.5 (3/2/84)	1302.99 (22/11)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	415.9	415.7	416.3	413.3	418.3 (8/2/85)	354.5 (25/7)
WORLD						
Capital Intl. (1/1/70)	—	197.3	196.8	196.1	197.3 (15/2/85)	156.2 (14/12)

* Saturday February 16: Japan Nikkei-Dow 12,169.9. TSE 945.00.

Base value of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

CANADA

Stock	Feb 15	Feb. 14
AMCA Intl	17⅝	—
Abitibi	41	41
Agnico Eagle	15⅛	15⅛
Alberta Energy	19¾	20
Alcan Aluminium	40¾	41¼
Algoma Steel	22¼	22¼
Argen Inc	18	17⅝
Bank Montreal	27	27½
Bank Nova Scotia	13¾	14
BCE	37⅛	37⅛
Bombardier	24¾	23¼
Bow Valley	17½	17
BP Canada Res.	27¼	27
Brascan A	35⅜	35⅜
Brinco	1.85	1.80
B.C Forest	11¾	11⅞
CIL Inc	29	29¼
Cadillac Fairview	15⅛	15⅛
Campbell Red Lk.	24⅞	25
Can. Cement Pt.	11¾	11⅞
Can. NW Energy	24½	24¾
Can. Packers	30	30
Can. Trustco	32	32½
Can. Imp. Bank	31⅝	31¾
Can. Pacific	59⅛	59¼
Can. Pac. Ents.	28⅛	28
Can. Tire C	10.25	1.04
Cantor	11½	11¾
Carling O'Kfe	14⅛	—
Chieftain	15⅜	15⅜
Cominco	15⅜	15½
Conigas Mines	5.00	50
Cons. Bathst. A	18	18⅜
Copper Lake	0.60	0.60
Coremark Intl	7⅝	7¾
Costain	9⅝	9¾
Denison Mines A	15	15⅜
Dofasco	27⅝	28
Dome Mines	11⅜	11⅛
Dome Petroleum	3.35	3.25
Domtar	39	0¾
Falconbridge	93½	93⅝
Fed. Inds A	21⅞	21⅝
Grandis A	27½	27⅛
Genstar	30½	30⅝
Giant Y'knife	12¾	12¾
Gt. West Life	3.30	3.30
Gulf Canada	18	17⅝
Hawker Sid.Can.	22⅛	22
Hudson's Bay	18	18⅛
Husky Oil	11⅛	11¼
Imasco	53⅞	54½
Imperial Oil A	47⅝	47⅝
Inco.	17⅞	18
Indal	14⅜	14¾
Int. Pipe	33⅞	33⅞
Labatt (John)	25⅛	25¼
Lac Minerals	28¼	28¼
Loblaw	19¾	19¾
Macmil. Bloedel	25⅝	—
Marks & Spencer	6⅝	6⅝
MasseyFerguson	4.75	4.80
McIntyre Mines	47¼	44¾
Mitel Corpn.	10	10¼
Molson A	16⅝	16¾
Moore Corp.	67⅜	67½
Nat. Sea Prods A	8¾	8⅞
Noranda Inc	19⅝	19⅞
Norcen Energy	14⅜	14⅜
Nth. Telecom	52⅛	54
Nova Alberta	7	7⅛
Numac Oil	18	15⅞
Oakwood Pet.	4.95	4.95
Pan Can Pet.	28	28⅝
Placer Dev.	25	25⅛
Power Corp.	29½	29⅜
QuebecSturgeon	3.65	3.50
Ranger Oil	6¾	6¾
Reed Stenhs.	21⅞	21⅝
Rio Algom	23¼	23¼
Royal Bank A	30⅝	31
Royal Trust A	18¼	18½
Sceptre Res.	5⅞	6
Seagram	57⅝	57⅞
Sears Can. Inc.	8¼	8
Shell Canada Oil	23¼	23¾
Stelco	28⅝	28⅞
Teck B	12	11⅞
Texaco Canada	34	33⅝
Thomson New	33½	33¾
Toronto Dom. Bk	19¼	19¼
Transalta	26	25⅞
Trans. Can. Pipe	22⅝	22⅝
Walker Hiram	27⅞	—
Westcoast Trn.	14⅛	14⅛
Weston (Geo.)	79⅜	80

AUSTRIA

Feb. 18	Price Schs	+ or —
Creditanstalt	233	—
Goesse	400	+11
Interunfall	460	+10
Laenderbank	222	−2
Perlmooser	344	+4
Steyr-Daimler	156	—
Veitscher Mag.	345	+9

BELGIUM/LUXEMBOURG

Feb. 18	Price Frs.	+ or —
B.B.L.	1,760	+10
Banq. Int. A. Lux	5,680	—
Bekaert B	5,000	—
Ciment CBR	2,625	—
Cockerill	255	—
Delhaize	6,800	—
EBES	2,800	—
Electrobel	8,200	—
Fabrique Nat.	2,100	+10
GB Inno BM	3,925	+25
GBL (Brux)	2,050	+20
Gevaert	3,750	+95
Hoboken	6,760	−170
Intercom	2,090	+10
Kredietbank	7,820	+20
Pan Hldgs	11,200	—
Petrofina	6,920	+10
Royale Belge	10,475	+25
Soc. Gen. Banq	3,250	—
Soc. Gen. Belge	1,840	+15
Sofina	7,330	+10
Solvay	4,070	+20
Stanwick Intl.	1,500	—
Tractionel	3,945	+20
UCB	4,860	+10
Wagon Lits	2,570	—

DENMARK

Feb. 18	Price Knr %	+ or —
Andelsbanken	289	−2
Baltic Skand	805	—
CopHandelsbank	294	−2
D. Sukkerfab	540	—
Danske Bank	292	−2
De Danske Luft	1,215	+5
East Asiatic	166	−2
Forenede Brygg.	830	—
Forenede Damp.	92	−1
GNT Hldg	411	—
I.S.S.B.	368	—
Jyske Bank	645	—
Novo Ind.	1,840	—
Privatbanken	238	−5
Provinsbanken	280	—
Smidth (F)	226	—
Sophus Berend	935	—
Superfos	464	—

FRANCE

Feb. 18	Price Frs.	+ or —
Emprunt 4½% 1973	1687	−12
Emprunt 7% 1973	7,538	+28
Accor	253	−7
Air Liquide	686	−1
BIC	565	−3
Bongrain	1,565	+5
Bouygues	649	+7
BSN Gervais	2,400	−5
CIT-Alcatel	1,290	+10
Carrefour	1,951	−11
Club Mediter'n	1,248	−3
Cie Bancaire	595	−12
Cofimeg	257.2	−0.5
Damart	2,349	+19
Darty	1,179	+14
Dumez S.A.	588	+3
Eaux (Cie Gen)	580	+6
Elf-Aquitane	242	—
Essilor	2,910	−1
Gen. Occidentale	784	+7
Imetal	80	−0.2
Lafarge Coppee	411.5	−1.5
L'Oreal	2,505	−15
Legrand	2,070	+23
Maisons Phenix	194.8	−0.1
Matra S.A.	1,648	−5
Michelin B	840	+1
Midi (Cie)	2 275	+25
Moet-Hennessy	1 935	+6
Moulinex	102.9	−0.2
Nord Est	75.1	+0.1
Pernod Ricard	711	+6
Perrier	525	−3
Petroles Fra.	255.5	−4.4
Peugeot S.A.	285	−0.8
Printemp.Aus.	197	−5
Radiotech	265	−2.8
Redoute	1,256	+5
Roussel-Uclaf	1,540	[illegible]
Selimeg	319	+5
SkisRossignol	2,035	+10
Telemech Elect.	2,400	−35
Thomson CSF	496	+5
Valeo	242	+2.5

GERMANY

Feb. 18	Price Dm.	+ or —
AEG-Telef.	112.5	−0.5
Allianz Vers	1,037xr	+5
BASF	189.2	+2.9
Bayer	198.1	+1.3
Bayer-Hypo	315.2	−1.8
Bayer-Verein	327	+0.5
BHF-Bank	270	−1
BMW	370	+2.5
Brown Boveri	210.5	+2.5
Commerzbank	167.5	−0.5
Cont'l. Gummi	121	−0.4
Daimler-Benz	646	+4
Degussa	353	−5.5
D'sche Babcock	171.5	—
Deutsche Bank	403.8	+0.3
Dresdner Bank	193.7	−0.3
GHH	162.5	−1
Hochtief	469	+7
Hoechst	190.2	+0.7
Hoesch Werke	111	+0.5
Holzmann (P)	399	+4
Horten	164	—
Hussel	193	+2
Karstadt	211.5	+1
Kaufhof	210	—
KHD	211.5xr	+0.5
Kloeckner	78	−0.1
Linde	429	+1
Lufthansa	187	+3
MAN	157.2	+0.7
Mannesmann	155.8	−0.2
Mercedes Hld.	589.0	+1
Metallgesell	250	+2.0
Muench Rueck	1240	+50
Nixdorf	642	+2.5
Porsche	1,230	+3
Preussag	260.0	−0.5
Rhein West Elect	165	+0.5
Rosenthal	245	−2
Schering	476	−0.5
Siemens	545.0	−2
Thyssen	101.3	+1.3
Varta	187.5	+1.2
Veba	168.5	−0.2
V.E.W.	123.5	+0.5
Verein-West.	312	—
Volkswagen	192.2	−0.5

ITALY

Feb. 18	Price Lira	+ or —
Banca Com'le	19,150	+890
Bastogi-IRBS	187	+1
Centrale	2,940	+40
Credito Varesino	4,800	+420
Ei-Invest	2,925	—
Fiat	2,775	+65
Finsider	56	—
Generali Assicur.	44,500	+700
Italcementi	82,500	—
La Rinascente	658	−2
Montedison	1,571	+2
Olivetti	6,790	−10
Pirelli Co.	4,690	+45
Pirelli Spa	2,395	+27
Snia BPD	2,975	+39
Toro Assic.	16,889	+189
do. Pref	12,790	+390

NETHERLANDS

Feb. 18	Price Fls	+ or —
ACF Holding	192	−0.5
AEGON	171	+2
Ahold	217	+0.3
AKZO	104.9	+0.1
ABN	395	−0.5
AMEV	213.5	−1.5
AMRO	74.6	−0.4
Bredero Cert	157.5	−1.5
Bos Kalis Westm.	14.3	−0.1
Buehrmann-Tet.	90	+1.5
Calland Hldgs	34.9	+0.1
Dordtsche Pet'm	178.3	−0.4
Elsevier-NDU	112.8	+0.3
Fokker	96	−0.5
Gist Brocades	183.7	+1.2
Heineken	156.6	+1.4
Hoogovens	60.3	−0.3
Int Mueller	42.4	+0.5
KLM	54.3xc	—
Naarden	47.5	−0.1
Nat Ned Cert	279	−1.5
Ned Mid Bank	189	+1.2
Nedlloyd	167	+2
Oce Grinten	298.5	−1
Ommeren (Van)	27.3	−0.1
Pakhoed	68.2	−0.3
Philips	59.5	+0.2
Robeco	75.4	−0.2
Rodamco	136.8	−0.5
Rolinco	69.1	−0.2
Rorento	43.9	—
Royal Dutch	203.3	+0.1
Unilever	338	−1
VMF Stork	148	+2
VNU	208.5	−0.7
West Utr Bank	103.9	+0.1

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

SWEDEN

Feb. 18	Price Kronor	+ or —
AGA	370	—
Alfa-Laval	197	−1
ASEA (Free)	350	+10
Astra (Free)	415	−6
Atlas Copco	108	−3
Cardo (Free)	254	+1
Cellulosa	122	−2
Electrolux B	304	−4
Ericsson	292	+1
Esselte	340	—
Mo Och Domsjo	240	−5
Pharmacia	205	—
Saab Scania Free	435	−15
Sandvik	395	—
Skandia	285	—
Skan Enskilda	54	—
SKF	193	−3
St Kopparberge	146	+2
Sven Handlesbn.	175	−1
Swedish Match	237	−1
Volvo B (Free)	277	−5

NORWAY

Feb. 18	Price Kroner	+ or —
Bergens Bank	162.5	−3
Borregaard	400	−7
Christiania Bank	159	—
DenNorske Cred	160	−3.5
Elkem	142	−5.5
Kvaerner	180	−2.5
Norsk Data	409	−10
Norsk Hydro	108	−3
Storebrand	228	−5

SPAIN

Feb. 18	Price Pts%	+ or —
Bco Bilbao	322	+1
Bco Central	326	+2
Bco Exterior	206	+1
Bco Hispano	164	+3
Bco Popular	379	+5
Bco Santander	341	+5
Dragados	179	+1.5
Hidrola	94	+0.3
Iberduero	102.2	—
Petroleos	166	—
Telefonica	134	−1.5

SWITZERLAND

Feb. 18	Price Frs.	+ or —
Alusuisse	865	+5
Bank Leu	3,775	+75
Brown Boveri	1,590	+10
Ciba Geigy	2,815	+10
do. (Part Certs)	2,230	−10
Credit Suisse	2,385	−15
Elektrowatt	2,690	−10
Fischer (Geo.)	745	+7
Hoff-RochePtCts	87,375	+375
Hoff-Roche 1/10	8,750	+25
Jacobs Suchard	6,425	+25
Jelmoli	1,975	+30
Landis & Gyr	1,670	+10
Nestle	6,330	+25
Oer-Buehrle	1,500	+5
Pirelli	288	+2
Sandoz (Br)	7,975	+25
Sandoz (PtCts)	1,560	+10
Schindler (PtCts)	750	+10
Sika	1,120	—
Surveillance	4,110	−6
Swissair	1,138	+13
Swiss Bank	368	+1
Swiss Reinsce	9,375	−75
Swiss Volksbk	1,490	−5
Union Bank	3,675	+15
Winterthur	3,700	+20
Zurich Ins	20,400	+50

AUSTRALIA

Feb. 18	Price Aust $	+ or —
ANZ Group	4.7	—
Alliance Oil Dev.	1.05	—
Ampol Pet.	1.77	—
Ashton	0.93	+0.04
Aust Cons Ind.	1.98	+0.02
Aust. Guarantee	2.61	+0.01
Aust. Nat. Inds	2.62	−0.05
Aust. Paper	2.55	—
Bell Group	5.5	−0.10
Bell Res.	5.0	+0.45
Bond Corp Hldgs	1.27	—
Boral	3.42	+0.02
Bougainville	1.96	−0.06
Brambles Inds.	3.86	+0.07
Bridge Oil	2.2	+0.02
B.H. Prop.	6.22	—
CRA	5.4	−0.04
CSR	2.92	+0.07
Carlton Utd.	4.60	—
Castlemaine Tys	4.9	—
Coles (G.J.)	4.12	—
Comalco "A"	2.52	+0.02
Consolidated Pet	0.49	—
Costain Aust	1.3	—
Dunlop Aust.	2.25	+0.05
Elders IXL	3 7	—
Energ Res.	1 6	+0.04

AUSTRALIA (continued)

Feb. 18	Price Aust. $	+ or —
Gen Prop Trust	2.3	+0.06
Hardie (James)	3.15	+0.05
Hartogen Energy	2.45	−0.05
Herald W'yTimes	4.15	+0.05
ICI Aust.	2.02	+0.02
Jimberlana F.P.	0.28	—
Kia Ora Gold	0.13	−0.01
Lend Lease	5.82	+0.02
MIM	2.63	+0.05
Mayne Nickless	3.3	+0.05
Myer Emporium	1.9	−0.04
Nat. Aust. Bank	3.66	—
News	12.7	−0.1
Nicholas Kiwi	1.86	—
North Bkn Hill	2.22	−0.03
Oakbridge	0.70	—
Pancont'l	1.16	+0.1
Pioneer Conc.	1.70	—
Poseidon	2.85	+0.05
Queensland Coal	1.41	—
Reckitt & Coln.	3.4	+0.1
Repco	1.18	−0.01
Santos	5.5	−0.04
Smith (Howard)	3.75	−0.05
Thos. Natwide	2.10	—
Tooth	5.6	—
Vamgas	3.5	−0.1
Western Mining	3.4	+0.07
Westpac Bank	3.55	+0.03
Woodside Petrol.	0.85	+0.01
Woolworths	3.37	−0.05
Wormald Intl.	3.4	−0.02

HONG KONG

Feb. 18	Price H.K.$	+ or —
Bank East Asia	24.6	−0.2
Cheung Kong	14.0	+0.1
China Light	14.8	−0.1
Evergo	1.40	—
Hang Seng Bank	47.0	+0.25
HK Electric	7.85	−0.05
HK Kowloon Wh.	6.5	—
HK Land	4.82	+0.5
HK Shanghai Bk.	9.0	+0.05
HK Telephone	66.5	+2
Hutchison Wpa.	21.4	+0.4
Jardine Math.	9.9	+1.15
New World Dev.	6.05	+0.05
Orient O'seas	2.6	—
Oseas Trust Bk.	2.7	+0.2
SHK Props	9.55	+0.05
Shell Elect.	1.78	—
Swire Pac A	24.8	+0.3
TV—B	6.3	+0.04
Wheel'k Mard A.	6.4	—
Wheel'k M'time	1.15	—
World Int. Hldgs.	2.42	+0.22

JAPAN

Feb. 18	Price Yen	+ or —
Ajinomoto	1,090	—
Alps Electric	2,240	+30
Amada	1,180	−10
Asahi Chem.	666	−9
Asahi Glass	880	—
Bridgestone	526	+8
Canon	1,400	−20
Casio Comp.	1,820	+20
Chugai Pharm.	1,040	+10
Citizen	588	+8
Daiei	665	+29
Dai Nippon Ptg	995	+5
Daiwa House	555	−9
Ebara	360	−13
Eisai	1,710	+10
Fanuc	13,010	+110
Fuji Bank	1,450	+30
Fuji Film	1,790	—
Fujisawa	1,850	−10
Fujitsu	1,350	−20
Green Cross	1,720	−10
Hasegawa	358	−2
Heiwa Real Est.	509	−6
Hitachi	875	−4
Hitachi Credit	1,070	−10
Honda	1,460	—
House Food	665	−35
Hoya	2,290	−10
Itoh (C)	329	—
Ito. Yokado	2,570	−10
Iwatsu	1,330	—
JACCS	325	−2
JAL	5,050	−100
Jusco	711	−9
Kajima	271	+1
Kao Soap	819	+2
Kashiyama	805	+3
Kirin	555	−11
Kokuyo	916	−2
Komatsu	442	−3
Konishiroku	705	+10
Kubota	320	−3
Kumagai	601	−14
Kyoto Ceramic	6,750	−30
Maeda Const.	465	—
Makino Milling	1,450	—
Makita	1,160	—
Marubeni	300	−2
Marudai	656	+6
Marui	1,010	—
MEI	1,570	−20
M'ta Elec Works	651	+6
M'bishi Bank	1,460	+40
M'bishi	520	+4
M'bishi Elec	400	+3
M'bishi Estate	565	—

JAPAN (continued)

Feb. 18	Price Yen	+ or —
MHI	245	−2
Mitsui Co.	320	+4
Mitsui Estate	847	+1
Mitsukoshi	417	−9
NGK Insulators	852	−15
Nihon Cement	217	−1
Nippon Denso	1,430	+30
Nippon Elect	1,210	−10
Nippon Express	331	+5
Nippon Gakki	2,180	+100
Nippon Kokan	153	—
Nippon Oil	856	−10
Nippon Seiko	650	+17
Nippon Shimpan	558	—
Nippon Steel	148	−1
Nippon Suisan	336	+2
NTV	12,200	+100
Nippon Yusen	248	−1
Nissan Motor	604	+1
Nisshin Flour	481	+2
Nisshin Steel	167	—
Nomura	947	+2
Olympus	1,400	+70
Orient Leasing	2,730	+40
Pioneer	3,040	−20
Renown	660	+3
Ricoh	990	+9
Sankyo	1,080	−20
Sanyo Elect	475	−8
Sapporo	414	+8
Sekisui Prefab	845	—
Seven-Eleven	8,500	+50
Sharp	1,086	−10
Shimadzu	815	−9
Shionogi	715	+9
Shiseido	1,050	+10
Sony	4,330	−60
Stanley	917	+8
S'tomo Bank	1,800	+40
S'tomo Elect	950	—
S'tomo Marine	596	−3
S'tomo Metal	146	−1
Taihei Dengyo	461	+1
Taisei Corp	199	+1
Taisho Pharm	1,070	−20
Takeda	839	−11
TDK	6,130	+110
Teijin	435	−5
Teikoku	645	+5
Tokyo Marine	735	+3
TBS	820	+4
Tokyo Elect Pwr	1,550	+10
Tokyo Gas	165	−2
Tokyo Sanyo	724	+4
Tokyo Style	730	+2
Tokyu Corp	387	−9
Toppan Print	876	+1
Toray	431	—
Toshiba Elect	455	−1
TOTO	650	+5
Toyo Seikan	880	+10
Toyota Motor	1,380	—
Victor	2,180	—
Wacoal	713	+1
Yamaha	740	+8
Yamanouchi	3,890	−100
Yamazaki	539	—
Yasuda Fire	382	+6
Yokogawa Bdge	425	+4

SINGAPORE

Feb. 18	Price $	+ or —
Boustead Hldgs	1.7	+0.02
Cold Storage	2.68	+0.1
DBS	5.85xa	−0.05
Genting	5.45	+0.05
Haw Par. Bros.	2.27	+0.02
Hong Leong Fin.	3.3	+0.02
Inchcape Bhd.	2.52	+0.05
Keppel Shipyard	1.69	+0.04
Malay Banking	6	+0.1
Malay Utd. Ind.	2.26	+0.02
Multi Purpose	1	+0.05
OCBC	9.15	−0.1
OUB	3.98	−0.02
Public Bank	1.67	+0.05
Sime Darby	1.91	—
Singapore Press	6.50	—
Straits Trdg	4.5	+0.02
Tat Lee Bk.	2.75	+0.04
UOB	4.46	+0.02

SOUTH AFRICA

Feb. 18	Price Rand	+ or —
Abercom	1.35	+0.05
AE&CI	7.15	—
Allied Tech	51	+1
Anglo Am Coal	43	—
Anglo Am Corp	23.35	−0.35
Anglo Am Gold	158.5	+0.5
Barclays Bank	14.6	−0.05
Barlow Rand	9.95	−0.10
Buffels	67	+1.50
CNA Gallo	2.3	—
Currie Finance	3.45	+0.05
De Beers	9 17	—
Driefontein	47.35	−0.15
FS Geduld	43.75	+0.75
Gold Fields SA	55.5	—
Highveld Steel	4.05	—
Nedbank	9.75	+0.05
OK Bazaars	13.25	—
Protea Hldgs	1.35	—
Rembrandt	30.25	—
Rust Plat	16.3	+0.2
Safren	12	—
Sage Hldgs	6.5	−0.15
SA Brews	6.1	+0.1
Smith (CG)	19	—
Tongaat Hulett	6.15	+0.05
Unisec	4.6	+0.05

LONDON STOCK EXCHANGE

MARKET REPORT

Markets drift back uncertainly as pound weakens against strong dollar

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Jan 28	Feb 7	Feb 8	Feb 18
Feb 11	Feb 21	Feb 22	Mar 4
Feb 25	Mar 7	Mar 8	Mar 18

* "New-time" dealings may take place from 9.30 am two business days earlier.

Bond and share prices drifted lower with the sterling exchange rate in London yesterday. The stock market session began a shade cautiously, reflecting the absence of any fresh news of importance over the weekend and the pending holiday closure in New York for Washington's Birthday. Despite the lack of investment incentive, however, the losses in both Government stocks and leading shares were small. A full list of Press tips ensured business in selected stocks, including situation issues.

Interest faltered as period rates in UK money markets started to firm to near-14 per cent and the pound experienced difficulties in holding above $1.10. The announcement of last month's Public Sector Borrowing Requirement made for fresh uncertainty in mid-afternoon and, with the dollar pushing sterling down to around $1.0935, the decline in values speeded up.

Gilt-edged securities met with only light selling throughout, but after the recent good two-day advance, came back to close ½ down at the day's lowest. Many shorts gave up ⅛ and the £20-paid tap, Exchequer 11 per cent 1990, again went to a discount, closing that much down at 19¾. Index-linked stocks were the steadiest sector awaiting this week's tender for the £400m issue of Treasury 2½ per cent 2013.

Leading shares popular with U.S. investors suffered more than most, the likes of ICI and BTR finally experiencing falls ranging into double-figures. Only five of the 30 constituents of the FT Ordinary share index managed to improve on balance and the measure, after opening 3.6 off, went progressively lower to close a net 9.4 down at the session's lowest of 970.5.

Insurances fall

Life and Composite Insurances came under early selling pressure following a Press report that the Chancellor could still introduce legislation on pension tax relief in the Budget. Double-figure falls were commonplace at one stage but prices steadied late in the session and closed well above the worst. Casualties in the Life sector included Legal and General, 7 lower at 585p, and Prudential, 13 down at 525p. Composites also had to cope with nervousness ahead of the dividend season, which opens with Royal on March 4; Royal fell to 544p prior to closing 10 down at 555p, while General Accident, annual results due on March 6, settled 10 down at 520p, after 516p. Commercial Union shed 4 to 182p, GRE 13 to 642p and Sun Alliance 8 to 400p.

South American debt worries continued to weigh on the major clearing banks. Quotations drifted lower as buyers held off and Barclays finished 6 off at 607p, as did Lloyds, at 557p. NatWest gave up 7 at 683p, but Midland were only a penny cheaper at 332p. Royal Bank of Scotland shed 4 more to 234p and the new nil-paid shares 3 to 24p premium.

Wallpaper and fabric designers Osborne and Little staged a highly pleasing debut in the Unlisted Securities Market; the shares, placed at 125p, opened at 192p and in a good two-way business moved up to 202p. Last week's newcomer, Hillsdown Holdings, continued to trade actively and closed 3 dearer at 178p, after 180p.

Whitbread proved to be one of the day's major casualties, falling 15 to 195p as its U.S. subsidiary, Buckingham, acquired last year in a £91m deal, began court proceedings to protect its importing and distribution franchises for Finlandia vodka and Baron Philippe De Rothschild wines. The announcement upset sentiment elsewhere in the sector with Bass 10 off at 500p and losses of 6 common to Arthur Guinness, 230p, and Greenall Whitley, 170p. Wines and Spirits were also under a cloud. Distillers declined 10 to 282p.

Light selling and the absence of support lowered leading Buildings. Redland gave up 4 to 260p and Tarmac shed 6 to 474p, but Blue Circle managed to buck the trend and closed 5 dearer at 505p. Elsewhere, further buying ahead of Thursday's annual results helped Ward Holdings firm 3 to 163p, while Heywood Williams, also reporting soon, put on 4 to 136p. USM-quoted Jayplant gained 7 to 29p following a newsletter recommendation, while British Dredging, in which a sizeable stake changed hands last week, put on 4 to 74p in response to favourable comment. Gibbs and Dandy "A," also the subject of favourable mention, added 4 to 28p.

ICI drifted progressively lower in the absence of support and closed 12 lower at 840p; the annual results are due next week. Among other Chemicals, Arrow lost 4 to 56p in the absence of any bid developments.

Goring Kerr up

The Electrical leaders settled with small irregular movements. Thorn EMI edged up 3 more to 453p, while a report that GEC was among the bidders for the Yarrow yard left the former a couple of pence dearer at 194p.

FINANCIAL TIMES STOCK INDICES

	Feb. 18	Feb. 15	Feb. 14	Feb. 13	Feb. 12	Feb. 11	year ago
Government Secs	79.82	80.13	79.65	79.29	79.22	79.38	82.79
Fixed Interest	83.91	83.97	83.53	83.38	83.42	83.60	87.05
Ordinary	970.5	979.9	984.7	977.9	970.1	991.1	818.5
Gold Mines	511.4	495.8	492.7	490.1	489.7	470.8	616.9
Ord. Div. Yield	4.44	4.40	4.37	4.39	4.42	4.34	4.53
Earnings, Yld.% (full)	11.11	10.99	10.90	10.96	11.04	10.83	9.46
P/E Ratio (net) (*)	10.81	10.93	11.02	10.96	10.88	11.09	12.93
Total bargains (Est.)	24,752	24,448	23,686	24,061	26,320	25,089	23,164
Equity turnover £m.	—	415.07	465.25	336.51	416.28	410.36	304.11
Equity bargains	—	22,117	23,698	20,076	22,187	23,784	19,918
Shares traded (ml)	—	218.9	226.8	170.0	216.1	206.2	132.4

10 am 976.3. 11 am 976.3. Noon 975.2. 1 pm 973.9.
2 pm 973.2. 3 pm 972.5.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.
Nil=10.48.

HIGHS AND LOWS / S.E. ACTIVITY

—	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1/84)	74.72 (28/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int...	87.48 (14/3/84)	80.43 (28/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary...	1024.5 (22/1/85)	755.3 (23/7/84)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	711.7 (3/3/84)	459.6 (25/1/85)	734.7 (15/2/83)	43.5 (26/10/71)

	Feb. 15	Feb. 14
Daily Gilt Edged Bargains	142.9	140.5
Equities Bargains	143.3	153.5
Value	639.0	940.4
5-day Average Gilt Edged Bargains	142.9	144.9
Equities Bargains	144.9	150.9
Value	826.1	858.6

Among secondary stocks, buying interest revived in Goring Kerr, which advanced 10 to 550p, with Tace rising 21 to 418p in sympathy. Weekend Press mention stimulated demand for Quest Automation, 4 higher at 55p, and contract news left Telemetrix a few pence harder at 337p.

Business in the Engineering leaders was at a low ebb and quotations closed little altered. Elsewhere, revived bid speculation lifted Haden to 240p before a close of 232p, up 16 on balance. Favourable Press mention left Walker and Staff 5 higher at 35p and RTD 3 dearer at 22p. Stothert and Pitt, reflecting demand ahead of next week's interim statement, firmed 6 to 182p. Weir Group continued to make progress at 47½p, up 2, but C. H. Bailey ran back 1½ to 18p on a newsletter "sell" recommendation.

Food were once again highlighted by takeover favourite United Biscuits which moved ahead strongly to close 7 higher at a 1984/85 peak of 221p. Rowntree Mackintosh, however, slipped 5 to 370p in the absence of further buying interest, while recent American favourite Cadbury Schweppes softened a couple of pence to 173p. S. & W. Berisford were a firm market cum dividend and rose 4 to 175p, but a fresh bout of scrappy selling clipped 12 from Avana to 593p. Renewed demand in a restricted market lifted Bernard Matthews 15 to 285p, while favourable comment helped Canvermoor rise 5 to 75p.

Garfunkels Restaurants fell 5 to 210p following a vendor placing to finance a property acquisition.

BTR easier

Occasional selling and lack of support made for a drab session in the miscellaneous industrial leaders. BTR drifted lower to close 12 cheaper at 630p, while BOC, a good market last week on first-quarter figures, gave up 7 to 298p. Beecham closed a like amount lower at 350p. Reed International fell 10 to 554p and Hanson 4 to 205p. Elsewhere, Initial moved up 20 to 548p awaiting news from the Monopolies Commission on BET's offer, but Manchester Ship Canal, a strong market recently on the announcement of Highams' stake in the company, encountered profit-taking and gave up 27 at 301p. Profit-taking left Brook Street Bureau 6 lower at 115p and TSL Thermal Syndicate 7 off at 205p. Favourable comment prompted a gain of 10 to 33p in USM-quoted Ecobric, while renewed demand ahead of tomorrow's preliminary figures left Waterford 2½ to the good at 46p. The liquidation of speculative bull positions caused a reaction of 2 to 14p in Tranwood, but Low and Bonar hardened a few pence to 302p following news of orders worth around £2.8m. Dealings were temporarely suspended in Wheelock Marden, at 76p, following the counter-offer from YK Pao. Among other Hong Kong stocks, Jardine Matheson advanced 18½ to 121p on rumours that Anglo American Corporation had acquired Hong Kong Land's stake in Jardine Matheson.

Among Leisure issues, speculative counter Riley met profit-taking and shed 6 to 55p, but Media Technology attracted support on favourable Press comment and rose 7 to 180p; the latter's interim results are due Thursday.

Worries that the U.S. government may introduce import curbs aroused further of Jaguar which fell throughout to close 15 cheaper at 320p. Elsewhere in Motors, a flurry of speculative demand lifted Flight Refuelling to 335p before a reaction set in and brought a close of 2 off on balance at 315p.

Among Publishers, Fleet Holdings revealed mid-term profits in excess of market estimates and touched 272p before settling 3 up on balance at 268p. Recent speculative high-flier, Aitken Hume, advanced to 200p in the early trade before finishing at 193p—a net gain of 12—on the announcement that the company is currently involved in talks with Fleet which "might form a mutually beneficial association." United Newspapers which presently controls just over 20 per cent of Fleet, shed 10 to 308p amid thoughts that its stake would be diluted by a Fleet/Aitken merger. Addison Communications and Michael Page, currently the subject of a proposed merger, rose 10 apiece to 290p and 390p respectively; both concerns are scheduled to announce interim results today.

Among Properties, MEPC came under fairly persistent selling pressure and fell 8 to 297p. Land Securities lost 4 to 294p, while Peachey slipped 3 to 244p awaiting today's annual results. Hammerson A closed 10 down at 500p, after 495p; the Bank of Scotland 1976 pension fund scheme has increased its stake to 12.6 per cent. Elsewhere, Trafford Park Estates attracted further interest and firmed 5 to 217p, while Alfred Walker added 3 to 88p in a restricted market. Hong Kong Land put on 4 to 57p on far-eastern influences, while Austmark gained 3½ to 24½p following Press comment. Trencherwood firmed 4 to 192p in reply to satisfactory annual results.

Falcon Res. active

Milford Docks, one of last week's outstanding speculative issues, encountered profit-taking and ran back 12 to 83p; the company has agreed to sell Milford Haven dry dock to Tower Maritime and Trading for an undisclosed sum.

Speculative demand provided a few noteworthy features among Financials. Favourable Press comment lifted Ivory and Sime 6 more to 109p, while Kwahu, due to announce interim figures today, advanced 6 to 26p. Bonusbond rose 5 to 23p; USM-quoted Prometions House, unchanged at 26p, is bidding for the former via a 1-for-1 share exchange issue. In contrast, sporadic profit-taking left Exco International 18 lower at 635p.

The oil majors were largely neglected and tended to ease across the board despite marginally firmer crude oil spot prices. BP were finally 8 off at 565p and Shell 3 easier at 580p.

LASMO attracted good support initially, inspired by favourable Press comment, and edged up to 388p before easing back to close a net 5 lower at 380p.

Golds, firmer

Currently fashionable Falcon Resources were the subject of diverse weekend Press comment and opened sharply higher at 437p before dipping to 419p and closing a net 12 better at 424p. A drilling report from the U.S. boosted Great Western Resources which touched 280p prior to settling a net 20 higher at 270p. Elsewhere favourable comment was responsible for sharp gains in Saxon, 10 firmer at 450p, after a 1984/85 high of 465p, and Southwest Resources, 6 up at 56p, after 59p; Southwest's new nil-paid were finally 3 harder at 14p premium, after 18p premium.

A firm opening by the bullion price, reflecting the initial easier trend in the dollar, gave a major boost to gold-related sectors of mining markets at the outset of trading. However, a gradual recovery in the U.S. currency during the day took the shine off the metal price and share prices alike.

Bullion traded up to the $306.50 mark early on but subsequently drifted back to close a net 25 cents up at $304.5 an ounce.

Business in South African Golds was much reduced by the closure of U.S. markets and the marked absence of any Continental interest. At the close of trading most issues were well below their opening levels but gains remained sufficient to produce a 15.6 rise to 511.4 in the Gold Mines index which has risen over 40 points during the past five trading sessions.

South African Financials were mixed with De Beers 4 off at 436p and Gencor ¼ cheaper at £12. Gold Fields of South Africa, on the other hand, made progre ss and settled ¼ to the good at £12¾, helped by the good gains in Golds.

Platinums managed modest improvements. Impala hardened ¼ to £11¼ ahead of the interim results which were not known during market hours, while Rustenburg added 17 at 775p.

London-based Financials attracted modest profit-taking and Rio Tinto-Zinc closed 15 lower at 655p.

A strong showing by Sydney and Melbourne markets overnight prompted a widespread mark-up of Australian isseus at the outset. However, little business developed thereafter and most issues eased a shade to close with modest gains on balance. Samantha Exploration fell 5 to 52p following reports that Barrack Mines has conceded control to the Eastern Petroleum/Black Hill Minerals camp.

Subdued conditions in the underlying securities hindered activity in Traded Options. Oils were the noteworthy exceptions, Lasmo attracting 1,222 calls, 618 in the soon-to-expire February 360s, 3 dearer at 23p. Shell Transport recorded 453 calls, the majority of which were struck in the April 750s. An evenly-balanced business developed in Jaguar with 445 calls and 420 puts transacted. Put trading was otherwise dominated by Learho, which fetched 492 trades, 381 in the May 160s.

NEW HIGHS AND LOWS FOR 1984/5

NEW HIGHS (107)

FOREIGN BONDS (1)
AMERICANS (13)
BUILDINGS (6)
CHEMICALS (3)
STORES (1)
ELECTRICALS (3)
ENGINEERING (9)
FOODS (4)
INDUSTRIALS (16)
INSURANCE (4)
LEISURE (1)
MOTORS (2)
PAPER (7)
PROPERTY (3)
TEXTILES (2)
TRUSTS (30)
OILS (1)
MINES (1)

NEW LOWS (18)

BANKS (1) Ansbacher (H.)
BUILDINGS (2) Erith, Tay Homes
CHEMICALS (1) Mebon
STORES (1) Castle (G. B.)
ELECTRICALS (4) Cifer, Multitone Elects., Feedback, Xylivx
INDUSTRIALS (3) Bespak, V.W. Thermax, Business Computer
PROPERTY (1) Control Secs.
SHIPPING (2) Common Bros., Lyle Shipping
TRUSTS (1) Frost (J. J. & D.)
MINES (2) Ems Hill Gold, Gopeng Berhad

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing Price	+ or	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price £	+ or
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price p	+ or
100	Nil	—	122pm	119pm	New Tokyo Inv. Tst. 5 [illegible]	[illegible]	[illegible]
48	F.P.	11/2	48	42½	Premier Cons. 5p	[illegible]	[illegible]
66	Nil	—	15pm	14pm	♣ Pres. Entertainment [illegible]	[illegible]	[illegible]
39	Nil	29/3	9pm	7pm	Renold	[illegible]	[illegible]
210	Nil	9/4	48pm	25pm	Royal Bank of Scotland	[illegible]	[illegible]
650	Nil	21/3	375pm	160pm	Samuelson Grp. £1	[illegible]	[illegible]
33½	Nil	—	14pm	5pm	♣ Sangers	[illegible]	[illegible]
40	Nil	29/3	18pm	7pm	♣ Southwest Res. 40p	[illegible]	[illegible]
12½	Nil	27/3	13pm	9pm	Westwood Dawes 'B' [illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▮ Allotment letters or fully paid. ‖‖ Introduction. ♣ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share. ‡ Comprising one 11 per cent Cnv.Uns.Ln. stk. and one Warrant. ● With Warrants attached.

RISES AND FALLS

	Rises	Falls	Same
British Funds	91	4	11
Corpns. Dom. & Foreign Bonds	18	19	36
Industrials	239	357	846
Financial & Props.	89	135	321
Oils	31	27	65
Plantations	4	1	12
Mines	73	28	78
Others	54	63	87
Totals	599	634	1,456

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 18	Mar 1	May 30	June 10
Mar 4	Mar 15	June 13	June 24
Mar 18	Mar 29	June 27	July 8

For rate indications see end of Share Information Service

Call options were arranged in Energy Capital, Atlantic Resources, John Brown, Immediate Business Systems, J. E. England (Wellington), James Halstead, Bula, Gibbs and Dandy A, Applied Holographics, Great Western Resources, Logica, Aitken Hume, Falcon Resources, Sellincourt, Trafford Park Estates, Albert Fisher, North Kalgurli, Magnet and Southerns, Extel, James Finlay and Turner and Newall. No puts were reported, but doubles were transacted in Dunlop, Aran Energy and Tranwood.

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Falcon Res	[illegible]	[illegible]	[illegible]
Jaguar	[illegible]	[illegible]	[illegible]
Finlay (James)	[illegible]	[illegible]	[illegible]
Lex Service	[illegible]	[illegible]	[illegible]
Aitken Hume	[illegible]	[illegible]	[illegible]
Assoc. Fisheries	[illegible]	[illegible]	[illegible]
Hillsdown New	[illegible]	[illegible]	[illegible]
Imperial Group	[illegible]	[illegible]	[illegible]
BAT Inds.	[illegible]	[illegible]	[illegible]
BTR	[illegible]	[illegible]	[illegible]
Brook St. Bureau	[illegible]	[illegible]	[illegible]
Tranwood	[illegible]	[illegible]	[illegible]
Cable & Wire.	[illegible]	[illegible]	[illegible]
Sedgwick	[illegible]	[illegible]	[illegible]

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Commercial Union	[illegible]	[illegible]
Falcon Resources	[illegible]	[illegible]
Fleet Hldgs.	[illegible]	[illegible]
General Accident	[illegible]	[illegible]
Haden	[illegible]	[illegible]
Hogg Robinson	[illegible]	[illegible]
Jaguar	[illegible]	[illegible]
Manchester Ship Canal	[illegible]	[illegible]
Milford Docks	[illegible]	[illegible]
Royal Insurance	[illegible]	[illegible]
Sun Alliance	[illegible]	[illegible]
Whitbread A	[illegible]	[illegible]

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Mon Feb 18 1985 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Feb 15 Index No.	Thur Feb 14 Index No.	Wed Feb 13 Index No.	Tues Feb 12 Index No.	Year ago (approx.) Index No.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Mon Feb 18	Day's change %	Fri Feb 15	xd adj. today	xd adj. 1985 to date
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS	Mon Feb 18	Fri Feb 15	Year ago (approx.)
[illegible]	[illegible]	[illegible]	[illegible]

BRITISH GOVERNMENT INDEX-LINKED STOCKS

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series	Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 11,229.

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts Jly.	Puts Oct.
B.P. (*565)	420	153	—	—	2	—	—
	460	113	120	127	3	6	10
	500	73	85	93	6	18	23
	550	37	48	60	23	33	40
	600	15	27	35	55	68	67
Cons. Gold (*517)	460	70	80	90	5	10	16
	500	42	52	68	20	[illegible]	[illegible]
	550	15	28	37	53	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb.	Calls May.	Calls Aug.	Puts Feb.	Puts May.	Puts Aug.
Imperial Gp. (*198)	160	39	40	46	[illegible]	[illegible]	[illegible]
	180	19	23	28	[illegible]	[illegible]	[illegible]
	200	2	15	18	[illegible]	[illegible]	[illegible]
	220	0½	7	11	24	[illegible]	[illegible]
LASMO (*380)	300	83	90	98	[illegible]	[illegible]	[illegible]
	330	53	68	78	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Feb. 18 Total contracts 6,838. Calls 5,201. Puts 3,037.
* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

1984-85 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102¼	99⅞	Exch. 12pc Cnv '85	99⅞xd	.....	12.02	14.53
97¾	93⅞	Treas 3pc 1985	97⅝	.....	3.07	12.79
102⅝	99⅞	Treas 11½pc 1985	99⅞	−⅛	11.56	12.79
99¼	96⅞	Treas 8¾pcCnv '85	97⅞xd	−⅛	8.99	12.82
104⅞	99⅞	Exch. 12¼pc 1985	99¾	−⅛	12.28	12.48
103⅞	99⅞	Exch. 11¾pc '86	99⅞xd	−⅛	11.80	12.24
102⅞	96⅞	Treas. 10pcCnv 1986	97⅞	−⅛	10.25	12.30
93¼	88¼	Treas 3pc 1986	93¼	−⅛	3.22	8.83
102	96¾	Exch. 10½pc Cv '86	97⅞	−⅛	10.72	12.30
104⅞	99⅞	Treas 12pc 1986	99⅞	−⅛	12.04	12.21
98¾	93½	Treas 8½pc 1984-86‡‡	95¾	−⅛	8.88	11.91
108⅞	102⅞	Exch. 14pc 1986	102⅞	−¼	13.62	12.05
89⅞	85	Exch. 2½pc 1986	88½	−⅛	2.83	9.86
107⅞	100⅞	Exch. 13¼pc 1987	102¼	−¼	12.96	11.88
100⅞	94½	Treas 10¼pcCv '87	97¼	−¼	10.54	11.84
87¼	83⅝	Exch 2½pc 1987	86½xd	−⅛	2.89	10.08
101⅞	94½	Exch. 10½pc 1987	97½	−⅛	10.78	11.91
92¼	87	Funding 6½pc '85-87‡‡	90½	−⅛	7.19	11.58
99⅝	92⅞	Treas. 10pc 1987	96¼	−⅛	10.39	11.87
[illegible]						

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for May, 1984: 351.0 and for December, 1984: 358.5.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BEERS, WINES—Cont.

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
280	220	Young Brew 'A' 50p	220	.....	†5.5	2.0	3.6	19.6
180	120	Do. Non. V. 50p	145	.....	†5.5	2.0	5.4	12.9

BUILDING, TIMBER, ROADS

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
261	186	AMEC 50p	258	−1	†10.0	2.4	5.5	9.8
202	157	Aberdeen Const.	198	−2	†6.5	2.7	4.9	9.8
210	164	‡Access Satellite 5p	206xd	−2	u2.0	2.5	1.4	40.8
31	15	Allied Plant 5p	20½	−1	8	—	—	—
35	22	♥Amco Ind Hldgs	22	.....	—	—	—	—
77	38	Arncliffe 10p	38	.....	‡2.66	2.1	‡	5.6
*111	81	Attwoods	107	−3	3.5	1.8	4.7	18.8
337	232	BPB Inds. 50p	248	−2	†7.0	3.5	4.0	8.9
220	124	Baggeridge Brick	220	+2	6.25	3.7	4.1	9.5
45	27	Bailey (Ben) 10p	27	.....	1.8	2.9	9.5	4.9
82	20	Baldwin (H. J.) 10p	30	.....	—	—	—	11.8
188	68	Barratt Dev. 10p	70	−2	7.62	1.7	15.6	4.6
162	115	Bellway	125	−2	7.0	2.0	8.0	8.3
77	55	Benford M. 10p	70	.....	3.75	1.2	7.7	15.9
153	96	‡Berkeley Group	152	.....	u3.6	2.6	3.4	16.2
63	45	Bett Bros. 20p	58xd	.....	3.1	♦	7.6	♦
*606	349	Blockleys 20p	550	.....	t21.0	2.5	5.5	14.1
[illegible]								

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
54	35	‡Kent (John) 5p	52	.....	g1.75	♦	3.4	♦
54	23	Ladies Pride 20p	26	.....	2.5	0.5	13.7	(38.9)
148	100	Lee Cooper	132	.....	3.68	5.1	4.0	5.3
470	148	Liberty	460	.....	†4.5	2.4	0.9	42.8
250	97	Do. Non Vtg.	245	.....	†4.5	2.4	1.7	22.8
£33¾	£22⅞	Limited Inc $0.50	£33⅝	+⅛	Q24c	—	0.6	—
158	63	Lincroft K. 10p	157	.....	5.5	♦	5.1	♦
275	130	MFI Furniture 10p	211xd	−2	†4.6	2.8	3.1	16.1
135	99	Marks & Spencer	125	.....	†h3.13	2.0	3.6	19.6
248	153	Menzies (J.)	225	.....	†h3.0	4.9	1.9	14.5
143	118	Milletts Leis. 20p	118	.....	d6.95	0.7	8.4	(32.5)
124	70	NSS News 10p	98	.....	3.3	2.9	4.8	10.3
365	260	Oliver (G.) "A"	360	−5	†7.0	3.5	2.8	11.8
378	235	Our Price 20p	375	−2	h3.8	4.0	1.1	28.4
188	128	Owen Owen	180	.....	3.3	2.4	2.6	19.6
98	78	Peters Stores 10p	78	.....	2.0	—	3.7	—
143	71	Preedy (Alfred)	105	+1	†3.5	2.1	4.8	(11.5)
30½	22½	Ramar Texts. 5p	24	+½	1.5	2.2	8.9	(5.9)
59	40	Ratners 10p	47	−1	2.3	0.7	7.0	31.9
48	22	Raybeck 10p	27	.....	Sg0.67	4.4	‡	(9.3)
262	130	‡Rayford Supreme	167xd	.....	4.9	♦	4.2	♦
113	84	Reed Austin 'A' N/V	96	.....	t3.0	2.1	4.5	7.4
[illegible]								

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
64	43	Magnolia Group	49		2.5	3.2	7.3	4.8
64	28	Manager Hldgs 10p	37	−1	—	—	—	—
330	157	Man. Ship Can £1	301	−27	5.5	3.5	2.7	15.5
104	65	Marley	91	−1	†3.2	2.5	5.0	10.2
61½	40	Marling Ind. 10p	61		td3.0	5.6	3.0	7.2
46	29	Marshall L'xy 'A'	38	−2	Y1.2	3.6	4.5	(6.8)
77	37	Marshall's Universal	68		H1.75	—	3.7	20.4
89	77	Do 7½pcCnRedPf £1	82		7½%	—	13.1	—
30	20	Martin-Black	22#		—	—	—	—
£108	£81	Mathesons 7¾%	£81		Q7¾%	2.3	19.7	—
432	287	Metal Box £1	415	−2	†15.0	3.2	5.2	6.7
220	129	Metal Closures	153	−2	6.3	2.3	5.9	(8.5)
27	9	Metal Sciences 2½p	11		—	—	—	—
133	80	Midland Marts	83		4.0	1.8	6.9	10.5
84½	45	Mitchell Cotts	81	+½	4.0	1.5	7.1	11.5
196	132	Morgan Crucible	195		†7.5	1.2	5.5	(19.7)
*36	23	Morris (W) F.A. 20p	23		bg0.5	4.0	3.1	21.9
110	80	Moss (Robt.) 10p	99		‡†2.5	2.3	3.6	14.3
330	197	MMW Computers	273	−2	6.0	3.0	3.1	15.2
65	38	Nash Inds	38		2.5	1.5	9.4	8.7
48	30	Neill & Spencer 10p	48	+2	—	—	—	20.7
39	13	Newman Industries	28		—	—	—	(21.9)
31	16½	Do. 10pc Cm.Cnv.Pf.	22		10%	—	6.5	—
67	39	Nolton	53		g2.1	4.5	3.0	8.9
183	132	Norcros	167	+4	†7.5	2.4	6.4	8.8
86	53	Nu-Swift 5p	53		†2.4	3.2	6.5	6.9
100	50	Oakwood Grp	85		4.5	◆	7.6	◆
190	136	Office & Elect.	150		7.5	4.2	7.1	6.9
108	92	Oldacre 20p	105		u4.0	2.6	5.4	9.3
875	625	Oriflame Intl SA	625		†Q53c	2.2	7.6	6.0
46	15	Ovenstone 12½c	17		‡Q4.5c	2.2	‡	3.9
£173	£120	Ozalid 9pc Cnv 87-92	£168	−3	Q9%	—	15.4	—
190	105	PCT Grp 10p	105		g4.8	2.9	6.4	6.4
£14	975	PLM 'B' Sk 25	£13¼	−¼	Q21.6%	◆	4.0	◆
193	149	PSM Intl	179	−3	bg5.25	2.6	4.2	13.1
62	40	Pacific Sales 10p	53		b2.4	2.2	6.5	(8.0)
207	148	Parker Knoll 'A'	170		9.0	2.8	7.6	6.7
375	197	Pauls	345		†8.5	2.5	3.5	15.1
693	408	Pearson	680		†14.0	3.0	2.9	13.5
35	18	Peek Holdings	21	+1	—	—	—	—

MINES—Continued

Finance

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
150	105	Alex Corp SA $1.50	135		Q7.5c	4.4	2.7
£21	£13¼	Ang. Am. Coal 50c	£21		†Q145c	3.1	3.3
£14	930	Anglo Amer. 10c	£11¼		Q120c	2.0	5.2
£89⅝	£68	Ang. Am. Gold R1	£75¼	+¼	‡Q1025c	1.1	‡
£39½	£25½	Anglovaal 50c	£33		†Q315c	3.8	4.6
262	165	Charter Cons. 2p	202	−3	11.0	1.1	7.8
33½	22	Clogau Gold 10p	25		—	—	—
627	463	Cons. Gold Fields	520	−3	24.5	1.4	6.7
74	23½	East Rand Con. 10p	68	−1	11.5	0.9	3.2
£13⅝	837	Gencor R1	£10¼		Q133c	1.2	6.2
*£17½	930	Gencor 40c	£12	−¼	Q190c	2.1	7.7
13½	9	Gold & Base 12½p	13		—	—	—
£19⅝	£10¼	Gold Fields S.A. 5c	£12⅞	+½	†Q100c	2.0	3.8
£100¼	£66	Jo'burg Cons R2	£83xd		Q750c	◆	4.4
£12¼	700	Middle Wit 25c	825		†Q90c	1.8	4.6
792	480	Minorco $BD1.40	730		Q22c	1.4	1.4
637	369	New Wits 50c	457xd	−19	†Q50c	1.7	5.3
37	14	Rand London 15c	30		—	—	—
720	430	Rand Min. Props. R1	575		‡Q65c	2.6	5.5
£33¼	£20¾	T'vaal Cons.Ld.R1	£28½	+1	Q280c	2.6	4.8
180	75	Vogels 2½c	105xd		Q16c	◆	6.8

Australians

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
41	17	ACM 50c	31		—	—	—
38	17	Allstate Expl'n. NL	19		—	—	—
10½	2½	Asia Oil & Minerals	2¼		—	—	—
20	12	Aust. Hydrocarbons NL	14		◆	—	—
28	9	Australis Mng N.L.	9½	+½	—	—	—
45	15	Balmoral Res	20		—	—	—
36	17	Black Hill Mins	21	+1	—	—	—
91	51½	Bond Corp	85		Q10c	0.2	8.6
177	90	Bougainville I Kina	131		Q5.29c	◆	3.2
406	276	CRA $2	362	−4	†Q12c	1.5	2.3
86	44	Carr Boyd 20c	54	+1	—	—	—
40	18	Central Kalgoorlie	18		—	—	—
43	20	Central Pacific	24	+1	—	—	—
4¼	2½	Cons Gld Mg Areas NL	2¼		◆	—	—
8½	4¼	Coopers Res. NL	5½		—	—	—
26	6¾	Cultus Pac NL	8½	+½	—	—	—
31	11	Samson Expl'n. NL	13		—	—	—
82	36	Seltrust 50c	38#		—	—	—
72	25	Sons Gwalia NL	64	+3	—	—	—
22½	12	Sthn. Goldfields	20		—	—	—
16	8¼	Southern Pacific	9		—	—	—
133	57	Southern Res	88	−2	—	—	—
8½	4	Southern Ventures 25c	4		—	—	—
42	12	Spargos Expl'n	19		—	—	—
23	7	Swan Res 20c	8½	−½	—	—	—
43	25	Utd Goldfields NL	27½		—	—	—
26½	8¼	West Coast 25c	8¼	−¼	—	—	—
13	8	Western Cst 50c	9		—	—	—
286	180	Westn. Mining 50c	229	+4	Q4c	—	1.2
272	122	Whim Creek 20c	128	+4	Q5c	◆	2.7
26	10	Windsor Res NL	22	+1	—	—	—
36	9	York Resources	10		—	—	—

Tins

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
310	210	Ayer Hitam $M1	270		vQ140c	1.0	18.0
250	138	Geevor	250	+3	12.0	2.2	6.9
275	145	Gopeng Berhad M$0.50	145	−5	$0.20	◆	4.4
£10	575	Hongkong	650#		—	—	—
23	11	Jantar 12½p	13		0.5	—	5.5
76	50	Malaysia Mng. 10c	52		vQ6c	2.6	4.0
56	32	Pahang	34		B	—	—
950	500	Pengkalen 10p	600		—	—	—
350	270	Petaling $M1	275		vQ60c	◆	7.4
385	250	Sungei Besi $M1	260		‡vQ75c	0.9	‡
475	240	Tanjong 15p	245	−10	g3.5	—	2.0
210	145	Tongkah H. Tin $M1	210#		vQ23c	1.2	0.8
410	245	Tronoh $M1	275		‡vQ65c	1.4	‡

Miscellaneous

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
75	37	Anglo-Dominion	50		—	—	—
75	31	Anglo Utd. Dev.	48	+2	—	—	—
410	210	Centennial Min'ls.	290	+20	—	—	—
175	70	Colby Res Corp.	75		—	—	—
955	450	Cons. Murch. 10c	500		†Q100c	1.4	8.9
40	25	Emess Intl. Ir10p	39	−1	—	—	—
252	150	Hampton Areas 10p	195		3.75	2.1	2.6
225	140	Highwood Res.	170		—	—	—
£24½	£16	Homestake Mining $1	£21¼	+½	Q20c	—	0.8
295	135	McFinley Red Lake	190	−5	—	—	—
240	101	Musto Explorations	225		—	—	—
55	23	New Sabyng Res C$1	28		—	—	—
365	220	Northgate C$1	325		—	—	—
718	500	RTZ	655	−15	†18.0	2.7	3.9
£155½	£113½	Do. 9½pcLn '95-2000	£140	−3	Q9½%	35.4	(6.9)
£13½	850	Tara Expln $1	£13⅛	+⅛	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✝ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- [illegible] No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	95		Arnott	157	+2
Craig & Rose £1	£10		CPI Hldgs	58	
Finlay Pkg. 5p	60		Carroll Inds.	105xd	+5
Higsons Brew	110		Dublin Gas	60	
Holt (Jos) 25p	840		Hall (R. & H.)	47	−1
IoM Stm. £1	123		Heiton Hldgs.	16	−½
IRISH			Irish Ropes	37	
Exch. 12% 1985	£99¾		Jacob (W.& R.)	56	+3
Nat. 9¾% 84/89	£85		TMG	100	
Fin. 13% 97/02	£89⅞		Unidare	82	−1

OPTIONS — 3-month call rates

Industrials	p		p		p
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
BTR	52	ICI	60	Brit Land	12
Babcock	14	'Imps'	18	Cap Counties	18
Barclays Bank	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen.	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	28	Lloyds Bank	45	**Oils**	
Brit Aerospace	33	Lucas Inds.	25	Brit. Oil & Min	4
Brit. Telecom	11	Marks & Spcr	11	Brit Petroleum	42
Brown (J.)	3	Midland Bk	30	Burmah Oil	18
Burton Ord	39	NEI	8	Charterhall	6
Cadburys	14	Nat West Bk	60	Premier	5
Comm Union	19	P & O Dfd.	36	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	18
Debenhams	17½	Polly Peck	26	Ultramar	19
Distillers	28	Racal Elect	18	**Mines**	
Dunlop	6	RHM	11	Charter Cons	18
FNFC	8½	Rank Org Ord.	32	Cons Gold	44
Gen Accident	45	Reed Intnl	50	Lonrho	14
Gen Electric	17	Sears	8	Rio T Zinc	56
Glaxo	85	TI	20		
Grand Met	25	Tesco	28		
GUS 'A'	60	Thorn EMI	35		
Guardian	68	Trust Houses	19		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 37

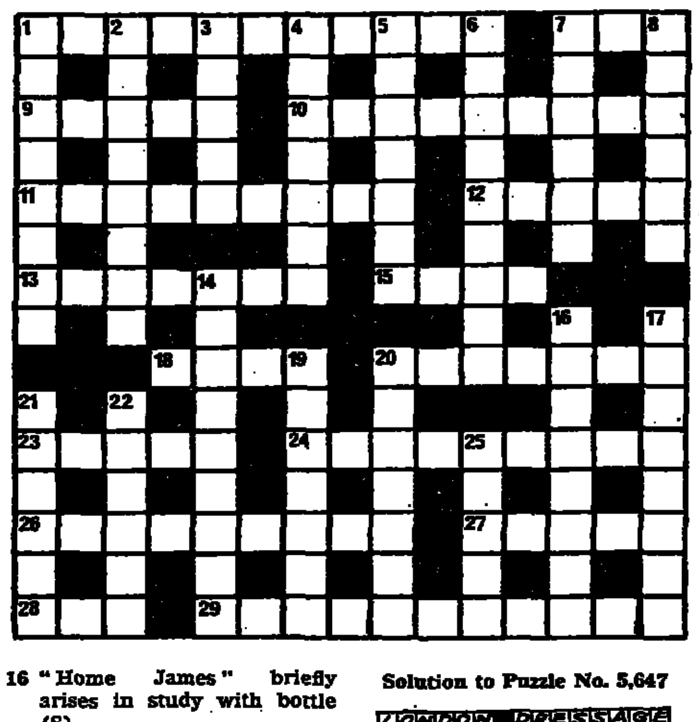
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,648



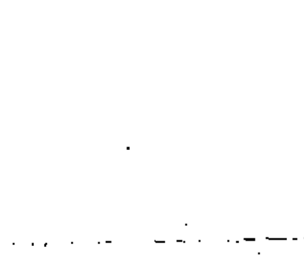
ACROSS

1 Bull at palace for play-wright (4,7)
7,9 Toothsome thing? Note: *there's ox-foot jelly about* (3-5)
10 She comes out of French, but before (9)
11 Filmy associate of prickles and berries (9)
12 Upholder of maps (5)
13 With grass about the whole thing started again (7)
15,18 Sarcastic stroke? Support the worker (4-4)
20 High pique? (7)
23 Take up about half of Surrey (5)
24 Absolutely selfish philosophy, with mistakes about *love*, is start of madness (9)
26 Set of rooms with high ceilings? Tell that to the Marines! (4,5)
27,28 Failure of play doesn't count at cricket (5,3)
29 Playwright's play? Come in —aren't I peculiar? (11)

DOWN

1 Instrument making Israeli perceptive (4-4)
2 Wheedles some part without attention (8)
3 'Ow one may be pursued, say, in Yorkshire (5)
4 Dukedom — rest for first of dukes (7)
5 Polish capital half upset by sound of drum (3-1-3)
6 Spellbound, not gated (9)
7,8 Tallow with joint in fold (6,6)
14 *Pate or ravioli?* (4,5)
16 "Home James" briefly arises in study with bottle (8)
17 Disney, for example, from Taormina (8)
19 Princess has call to distribute (4,3)
20 Fabian, amateur among beasts (7)
21,22 Holiday camp man's about to call America a fat protector (6,6)
25 Turkish title of tree in Pennsylvania (5)

Solution to Puzzle No. 5,647



INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet 01 440 8210
Fund Managers, Touche Remnant & Co

Sel Sec A	21.5	28.0		
Blue Chip	22.5	23.7		
Fixed Yield	19.4	20.5		
Deposit Fund	16.0	16.9		
Managed	21.1	22.3		
International	29.3	30.9		
Property	16.9	17.8		
Pacific	22.1	23.3		
Equity	16.7	17.6		
Special Sits	25.4	26.8		
Int Currency	13.9	14.7		
Index Linked Secs	11.1	11.7		
American	24.4	25.7		

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	14.80	15.571		—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202/0733 262524

Multi Gwth Feb 6		£314.27		—
Multi Gwth "A" Feb 6	282.7	297.4		—
Op 8 Prop Feb 14	264.7	278.7		—
Op 8 Equity Feb 18	374.8	394.4	−0.1	—
Op Hy Feb 14	264.2	278.2		—
Op 8 Man Feb 14	347.9	366.3		—
Op 8 Dep Feb 18	201.9	212.4		0.14
Op 8 Bond Feb 14	188.4	198.4		—
Op 8 Int Dist Feb 14	144.2	151.8		8.04
Op 8 Int Man Feb 14	217.2	228.7		—
Op 8 US$ Feb 14	170.7	179.7		12.12
Pens B Pr Ac Feb 15	348.5	366.9		—
Pens B Eq Ac Feb 15	1077.3	1134.0		—
Pens B FI Ac Feb 15	390.0	410.5		—
Pens B Md Acc Feb 15	434.0	456.9		—
Pens B Dp Acc Feb 15	323.7	340.8		—
PensBGart Globe Feb 15	116.5	122.7		—
Pens B Gart MA Feb 15	113.4	119.4		—
PensBGartP Feb 15	122.4	128.9		—

For Pensions Capital Units please ring ext 2996 or 2943.

Britannia Funds—Series A

Am Smlr Co's	145.7	153.4	−1.0	—
Am Spec Sits	174.4	183.6	−1.5	—
Commodity	86.7	91.3	−1.5	—
Extra Inc	117.0	123.2	−0.2	—
Far East	120.0	126.4	+1.1	—
FI Secs	157.0	165.3	−0.6	—
Gold & Gen	77.1	81.2	−1.4	—

National Provident Institution
48, Gracechurch St, EC3P 3HH 01-623 4200

Managed	201.6	212.3	+0.1	
UK Equity	231.4	243.6	+0.2	
Overseas Eq	213.8	224.7	+0.1	
American	216.6	228.1	−0.1	
Far East	183.8	193.5	−0.8	
Property	112.7	118.7		
Fixed Int	159.6	168.1	−0.2	
Indexed Gilt	108.3	114.0	+0.1	
Deposit	114.5	120.6		

Pension Fund Prices

Man. Initial	202.5	213.2	−0.2	—
Man Acc	226.0	237.9	−0.3	—
UK Eq. Initial	214.5	225.8	−0.2	—
UK Eq	236.1	248.6	−0.1	—
Overseas Eq. Initial	235.1	247.5	−0.4	—
Overseas Eq	271.5	285.8	−0.4	—
American Initial	250.9	264.2	−0.2	—
American	277.5	292.2	−0.2	—
Far East Initial	236.5	249.0	−1.8	—
Far East	262.2	276.1	−1.7	—
Prop. Initial	108.4	114.2		—
Prop	119.9	126.3	+0.1	—
Fixed Int. Initial	143.2	150.8	−0.3	—
Fixed Int	157.2	164.3	−0.3	—
Indexed Gilt Initial	101.4	106.8		—
Indexed Gilt	112.2	118.2	+0.1	—
Deposit Initial	113.4	119.4	+0.1	—
Deposit	125.3	132.5	+0.1	—

NPI Pensions Management Ltd.

Managed Fund	562.0	576.4		—

Prices Jan 2. Next dealing March 1.

New Zealand Insurance PLC
110/114, Baxter Avenue, Southend. (0702) 344555

Kiwi Key (Managed)	373.3	394.4		—
UK Equity	169.7	187.6	+0.1	—
American	283.5	298.5	−2.2	—
Pacific	393.3	414.0	+4.0	—
Property	153.5	161.6		—
Gilt	175.0	184.3	−0.2	—
High Inc. Equity	168.0	189.5	+0.3	—
High Inc. Fxd. Int	102.4	107.8	−0.5	—
Deposit	150.6	158.5		—
Index-Linked Gilt	103.2	108.7	+0.3	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

NUIS (Managed Funds) Ltd.

Managed Fund	524.0	551.5	−1.7	—

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.64			—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com. Fund	12.8	13.3		3.10
Chinese Fund	57.1	59.5		1.70
Precious Metal Fund	69.6	72.5		8.30
Vanguard Cmdy. Fd	19.4	19.9		0.00
Financial Futures Fd.	32.4	33.7		—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd	$9.55			—

Money Market Trust Funds

	Nom	CAR	Int Cr	Notice
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	13.80	14.57	6-mth	Call
7-day Fund	13.84	14.41	6-mth	7-day
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fund	13.80	14.27	6-mth	Call
7-day Fund	13.88	14.36	6-mth	7-day
Money Mngt. Acct.	13.62	14.35	3-mth	Call
Dollar	7.12	7.24	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	13.75	14.48	Qtr	Call
Mth. Inf. Chq.	13.50	14.37	Mth	Call
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc.	13.20	14.03	Mth	Call
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	13.25	13.92	Qtr	Call
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	13.25	14.09	Mth	Call
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	13.25	14.085	Mth	Call
U.S. Dollar	7.50	7.763	Mth	Call
German Marks	5.0	5.115	Mth	Call
Swiss Francs	2.0	2.018	Mth	Call
Japanese Yen	5.0	5.116	Mth	Call
Co-operative Bank				
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
High Int Cheque Acc	13.25	14.10	Daily	Call
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	13.25	13.92	Qtr	Call
Provincial Trust (formerly Chesterton) 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc.	14.00	14.93	Mth	Call
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
High. Int. Bk. Acc.	13.10	14.00	Daily	Call
Premier Acc.	13.10	14.00	Daily	Call
Tyndall & Co 29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	13.71	14.43	Qtr	Call
Money Acc.	13.50	14.20	Qtr	Call/7
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	13.50	14.37	Mth	Call
Over £10,000	13.75	14.65	Mth	Call

Notes: CAR=compounded annual rate. Int Cr=frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

Copper prices rally as stocks decline further

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES rallied on the London Metal Exchange yesterday, reflecting the weaker trend in sterling and yet another decline in warehouse stocks.

The latest fall means that copper stocks held in the LME warehouses are at the lowest level since November 1981. If they decline still further below 106,800 tonnes, as seems more than *likely*, the *stocks will be* at the lowest point since 1974. During the past year the LME copper stocks have dropped by 300,000 tonnes and this has provided a steady undertone in the market.

Yesterday the gap between the cash and three months prices for higher grade copper narrowed again as the market *recovered from* the sharp shake-out on Friday.

The cash price for zinc rose to a new 10-year peak as the shortage of immediately available supplies tightened. Although *LME warehouse* stocks of zinc rose last week, the increase was entirely in high grade zinc supplies. In fact there was a decline of 775 tonnes in standard (good ordinary brand) zinc on which the existing LME contract is based.

LONDON METAL EXCHANGE WAREHOUSE STOCK (Changes during week ending Feb. 15)	
Aluminium	−2,750 to 133,150
Copper	−3,750 to 109,050
Lead	−975 to 55,200
Nickel	+594 to 5,844
Tin	−280 to 21,815
Zinc	+1,525 to 32,025
	(tonnes)
Silver	+250,000 to 53,004,000
	(ounces)

Our Manila correspondent writes: Copper cathodes produced by the Philippine Associated Smelting and Refining Corporation (Pasar) have been approved by the London Metal Exchange for trading from this week, the company announced *yesterday*.

Pasar said it hopes to compete with internationally known cathode brands from Zambia and Chile.

Eastern bloc wool output 'set to rise 4% by 1990'

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

WOOL PRODUCTION in Eastern Europe is expected to go up 4 per cent in the next five years to 290m kgs, acording to a report by the International Wool Secretariat.

Output last year reached a record 279.6m kg on a clean basis, but the slow growth forecast to 1990 is because unfavourable climatic and geographical conditions seriously limit any significant expansion.

Much depends on the Russian wool industry, one of the world's biggest, dominating the East European scene and accounting for three-quarters of the output.

Soviet output has been affected by rising costs and a shortage of feedstuffs for its sheep. Its output is expected to fall slightly to 215m kgs.

However, Czechoslovakia, East Germany, Poland and Romania have all been pursuing policies to boost the numbers on their farms and it is likely their production will go up.

Continuation of these trends should lead to a higher level of wool use in the medium term, according to the IWS.

Wool in the USSR, Eastern Europe and Yugoslavia in 1984. By D. E. Morris. From IWS, Centre International Rogier, 1210 Brussels.

London tea prices continue to fall

By Our Commodities Staff

INCREASED OFFERINGS encouraged tea prices to fall at yesterday's weekly London auction for the fourth week in succession. Average prices for the 41,477 packages on offer (up from 39,587 last week) were down for all quality grades.

Quality tea averaged 306p a kilo, down from 310p last week and 340p four weeks ago. Medium grade fell 13p to 262p a kilo and low medium 21p to 214p.

Assams met with a 'more selective enquiry" and shed 10p to 15p a kilo, the Tea Brokers Association reported. Bangladesh teas lost 10p to 20p a kilo with *higher quality offerings* holding up better.

There was fair support for Africans but prices were 10p to 20p a kilo easier except for a few brighter offerings, which showed little change.

Ceylon teas were generally 10p to 20p a kilo down though a few selected lines were firm.

● *NEGOTIATIONS* aimed at thrashing out a new price stabilisation agreement for cocoa will begin in Geneva today. The talks were scheduled to start yesterday but the opening had to be postponed because heavy snow in Europe delayed the arrival of many delegates.

● SALES of high fructose corn syrup in the U.S. are expected to climb by 17.6 per cent this year as major bottlers replace sucrose in their soft drinks, according to F.O. Licht's International Sugar Report.

● POOR RAINS in December and January have cut India's oilseed and pulse crops and the country will have to import more edible oils this year than *a record 1.66m tonnes imported* in 1983-84, local traders said.

● UK GRAIN intervention stocks on February 16 stood at 3,449,581 tonnes, up 61,235 on *the previous* week's figure, the Home Grown Cereals Authority said. This compares with the relatively light volume of 736,115 tonnes in intervention stores at the same stage of the season last year.

EEC farm threat angers Australia

Farmers' viewpoint: John Cherrington reports from Western Australia

TO SAY THAT Australian farmers are angry at the EEC is an understatement. Everyone I have met in Western Australia is convinced that by dumping its surplus food mountains in markets the Australians previously thought of as their own, the European community is out to destroy not only the livelihood of Australian farmers, but of much of the economy as well.

In spite of publicity about its mining and raw material resources, farming still provides nearly half Australia's overseas earnings. *Farmers* do not complain of the community's protectionist policies, which have closed Europe to most Australian food exports—after all, Australia is protectionist too—but they are particularly bitter about threats to sell grains, beef and sugar in Asia and the Pacific area at prices so low that Australian exports *could* not compete.

It must be said that at the moment the prospect is more threatening than real. No one can pinpoint a specific sale that has been lost. Wheat earnings are holding up thanks to the strength of the U.S. dollar in which it is priced. Barley is being offered at a discount over last year, but this is a *precautionary move by the Grain Board which pools all* coarse grain sales.

Farmers might recoup when the pooling arrangements for this year's harvest are finally wound up, say in two to three years' time. *But they have* serious doubts.

There is talk of possible wheat quotas, last used to limit crops in the late 1960s, or of sanctions against European imports, such as aircraft. There is no government support for farm prices except for limited aid for wheat and as farmers are not particularly popular with the public, they are feeling vulnerable.

They have reason to be. Although it is difficult because of *fluctuations in exchange rates to* make accurate comparisons, farmers on the West Australian wheat belt are very cost efficient. The farms are generally large—often 4,000 acres being worked by the owner with a little outside help.

But the wheat belt has low rainfall and this keeps yields below European levels. The *average yield in Western Australia* is about 1.2 tonnes per hectare against 6.7 tonnes in Britain last harvest. While Australian farmers receive much the same price as British farmers, they have to carry the *cost of transport to* the port silo and the handling at the port. This can be up to 20 per cent of the farmers' price.

There is little free trading in grain. The Wheat Board has the statutory right to market wheat and a farmers' organisation, Co-operative Bulk Handling, financed by levies on throughput, provides grain storage and export terminals. Grain is paid for according to quality. Few farmers seem to have complaints about the system.

If Britain is to become a serious cereal exporter, some such system would be well worth a look. Instead of the rather haphazard way UK grain is handled at present, with markets dominated by international shippers.

According to a survey by Australia's Department of *Agriculture, some 10 per cent of* cereal farmers have difficulty meeting debt servicing commitments, and this is after a very good harvest. Had yields been nearer normal, it is estimated that 30 per cent would be in *difficulty. There are certainly* plenty of farm clearance sales advertised, far more than in Britain at present. But Australian farmers don't die on the job, and like to retire in town or by the sea after years of hard work.

High interest rates—16 per cent at present—and rising machinery costs because of high industrial wages, *make it difficult* for farmers who have had to borrow to re-equip. Those who did not borrow or reinvest may be able to withstand considerable belt-tightening.

Looking at the situation as a farmer, I thought the pessimists had a point. Because the lack of moisture limits yields inputs of fertiliser and seed are tiny compared with those in Britain. But machinery costs, cultivations and the necessary chemicals and fungicides, however sparingly used, are probably more expensive than in Britian. I doubt then if Australia's lower yields will be able to cover these costs as well as those of the much higher yielding British and European farms.

Hope of end to deadlock over UN farm agency

By Our Commodities Staff

A YEAR OF deadlock between the United States and Opec countries over financing the UN's small farm agency could be settled at a meeting in Rome later this month.

Teh International Fund for Ariculturaal Development is perilously close to running out of money. After talks on an $800m replenishment broke down in October, its president, Mr Idriss Jazairy of Algeria, decided not to call for another meeting until he felt there was a chance of an agreement. That a meeting has now been called is seen by fund officials as a hopeful sign.

Western and Opec countries, which jointly finance the agency, want to give it less, even though the fund has won praise for its work in helping small farmers and the rural poor that other agencies often bypass.

Since it was set up in 1977, Ifad has lent over $2,000m to 160 projects in 84 countries. After lending $30m for new projects last year, Ifad now has *only $90m left*.

However, the demand for Ifad's services, particularly from African countries, is heavier than ever before, with governments seeking longer-term financial assistance.

Opec countries believe that the fall in oil prices means their contribution of 42 per cent of Ifad's funds should be lower and that the *U.S.* should contribute more.

The U.S., however, wants to cut its own donation to the fund from $180m to $150m. Six replenishment meetings in 1984 failed to overcome the disagreement.

Most western European governments favour a compromise under which a target of slightly less than $800m is set, with the West and Opec paying the same per centages as before.

Italy, Sweden and Finland, have announced voluntarily con*tributions of $13.2m to help the* fund continue its lending in 1985. Mr Jazairy said that this was the "best proof of confidence in Ifad and flexibility in the approach to a final agreement over replenishment."

Sugar groups in ethanol plan

BY DAVID MARSH IN PARIS

FERRUZZI-ERIDIANA of Italy and Beghin-Say of France, two of Europe's biggest sugar groups, plan to build a large-scale plant in Louisiana, U.S., to produce ethanol from surplus grain.

The plant, a possible forerunner of facilities in Europe to produce ethanol for adding to lead-free petrol, is planned to come on stream at the beginning of 1987 at a cost of about $70m.

Beghin-Say produces a small *amount of* ethanol in France using molasses from its sugar business. It believes demand in the EEC for ethanol as a petrol additive to increase the octane rating will grow markedly following the decision to phase out lead in petrol on health grounds.

So far, however, in France no industrial policy exists to encourage companies to make use of surplus stocks of sugar or grain by transforming them into ethanol.

The U.S. project is on a site where the Ferruzzi group already owns grain silos. A key feature of the deal is that Texaco, the U.S. oil group, has agreed to purchase 50 per cent of the plant's production of 1.6m hectolitres per year.

The plant, in which American partners wil have a 15 per cent stake, will use as raw material 450,000 tonnes of grain a year bought on the open market. Maize is expected to be the main feedstock, but other grains can be processed.

Beghin-Say believes demand for similar facilities in Europe will grow if EEC countries adopt the U.S. practice of cutting taxes on "clean" petrol containing ethonol rather than lead additives.

The group, which has surplus sugar stocks because of the general world over supply, says it could convert its factories in northern France to produce 3m hectolitres of ethanol annually. This would absorb 400,000 tonnes of wheat and 200,000 tonnes of sugar, producing according to the company's estimates, roughly 20 per cent of France's projected ethanol needs for adding to petrol.

Jute shortage hits Indian mills

INDIA'S jute industry is in crisis because of an acute shortage of fibre and the consequent high price—Rs 1,000 (£70) a quintal. Six mills have closed and several others are on the brink of closure.

Trade union officials say 40,000 workers have been laid off while the Indian Jute Mills Association has called on the government to permit either block closures *of* mills or a reduction of working hours at the mills, claiming this is the only way out of the crisis. The government has not responded yet.

Mills complain *that except* for a few financially strong units they are unable to procure jute for full-scale operations and when they do the cost is so high that most of their goods are impossible to sell.

Pakistan's record cotton crop brings problems in its wake

BY MOHAMMED AFTAB IN ISLAMABAD

PAKISTAN has nearly doubled its 1984-85 cotton crop to a record 5.7m bales — a remarkable recovery from the disastrous 2.9m bales last year. It is now poised to sell 1.6m to 1.8m bales in the international market.

The turn-around was made possible by good weather, more extensive planting, greater use of insecticides, and above all, farmers yearning to recoup the losses they *suffered* last year.

The 1983-84 crop was severely hit by bad weather and reduced insecticide use because of rising costs.

Pakistan hopes in the coming season to regain its position as the world's third largest cotton exporter, which it lost last year. Reduced government revenues on cotton and cotton-based pro*ducts last year plus the cost of* raw cotton and synthetic fibres it had to import to keep its textile industry spinning and weaving are estimated to have cost Pakistan around $900m.

Pakistan Central Cotton Committee (PCCC), which has representatives from the government, cotton growers, ginners, trade, and the textile industry, estimated that by February 1 about 5.3m bales of cotton had already arrived at the ginneries. They expected 200,000-300,000 bales more within the next two weeks. Around the same quantity, 200,000-300,000 bales, is used annually by farmers or sold by them locally.

Buoyed by the good performance in 1984-85, the PCCC, chaired by Admiral Mohammed Fazil Janjua, Minister for Food and Agriculture, has set the production target for 1985-86 at 6m bales, but without increasing the area for planting. It includes 4.33m bales to be grown in Punjab, and 1.67m bales in Sind. Punjab grew 4.25m bales and Sind 1.45m bales this year.

PAKISTAN COTTON PRODUCTION	Hectares	Bales
	(millions)	(millions)
1980-81	2.10	4.201
1981-82	2.21	4.398
1982-83	2.26	4.844
1983-84	2.22	2.959
1984-85	2.23	5.700
1985-86	2.23*	6.000*

* Target.

The large cotton crop this year, and the one hoped for next year, may put considerable *strain on the banking system*, which is mostly government-owned.

If the *state-owned* Cotton Exports Corporation sells no more than its export target of 1.6m bales, the 1984-85 crop may leave a *surplus* of up to 1m bales this year, and even more after next year's crop.

Sustaining a carryover stock of 1m *bales ties down* 1.6bn rupees ($64m) of bank money. One way out of this problem of plenty is to strike several barter deals, including some currently being negotiated with the Middle East and Iraq for oil.

If barter deals are successful, they will ease part of the pressure on balance of payments. The deficit for the year to June 30 is heading for $1.2bn plus.

The All-Pakistan Textile Mills Association says domestic spinning and weaving is likely to use between 2.8m and 3.2m bales from the 1984-85 crop. It is, however, sceptical about a boost in domestic consumption above this because China is pushing its yarn exports to Japan—traditionally a Pakistani market.

Admiral Janjua and the PCCC pin their hopes for an even bigger crop in 1985-86 *on* increasing the area sprayed with insecticides to 80 per cent of plantings in Punjab and 40 per cent in Sind. "The farmers will be helped and guided to carry out adequate and timely plant protection measures for attaining these targets," says PCCC's plan of action for the next year.

The availability of the certified and improved seed, which accounted for 9 per cent of seed planted in 1984-85, is likely to be stepped up.

This year, the number of cotton plants also went up to about 25,000 to 35,000 per hectare, up from 20,000 to 30,000 a hectare in 1983-84.

Admiral Janjua has, however, cautioned farmers against being complacent, in view of the good crop this year. "There is still a considerable scope for increasing the yield per hectare (435.68 kilos per hectare) which is quite below the average of the advanced cotton growing countries," he says.

The PCCC says that after giving "thoughtful consideration to the resource availability, the yield potential of cotton varieties, the institutional arrangements and the tempo of progress already gained, a target *of* 6.0m bales is recommended for 1985-86, but without increasing the area."

With that thread of success are tied Pakistan's hopes for a big crop, which is not only its biggest cash crop, but with its products, also the larest foreign exchange earner.

U.S. COMMODITY markets were closed yesterday to commemorate George Washington's birthday.

LONDON MARKETS

COCOA PRICES on the London futures market firmed yesterday following last week's heavy fall. The steadier trend in New York on Friday night encouraged a modestly higher opening and sterling's renewed weakness against the dollar led to further small gains.

The May delivery position ended the day at £2,146.50 a tonne, £12 up from Friday's close. At 1,634 lots of 10 tonnes, turnover was low but this partly reflected the closure of the U.S. market for Washington's birthday and holidays on the continent.

Profit-taking after Friday's New York-led rise trimmed *sugar futures prices* and the May position closed $1.80 down at $122.30 a tonne.

Coffee futures drifted a little early on in quiet trading but most ofthe lost ground was made by the close.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	Feb. 18 1985	+ or −	Month ago
Aluminium	£1100		£1100
Free Mkt	$1160/1180	+5	$1150/1210
Copper			
Cash h Grade	£1290.5	+13	£1246.5
3 mths	£1311.25	−9	£1249.25
Gold troy oz	$304.5	+0.25	$307.5
Lead Cash	£338.5	+3	£367
3 mths	£345.5	+2.25	£339.25
Nickel			
Free Mkt	227/257c	−1	225/255c
Palladium oz	$129.65	+0.35	$119.75
Platinum oz	$277.00	+0.55	$273.50
Quicksilver	$295/305		$295/305
Silver troy oz	569.20p	−3.80	550.85p
3 mths	587.40p	−3.80	566.50p
Tin cash	£10,325	+17.5	£9677.5
3 mths	£10,085.5	+8	£9663
Tungsten	$78.27		$83.86
Wolfram 22 04lb	$73/77		$64/68
Zinc	£790.5	−10	£730.5
3 mths	£778.87	+3.37	£726.5
Producers	$900		$900

	Feb. 18 1985	+ or −	Month ago
OILS			
Coconut (Phil)	$820u	+35	$860
Palm Malayan	$580x		$575
SEEDS			
Copra Phil	$495v	−5	$560
Soyabean (U.S.)	$245u	+3.5	$254.25
GRAINS			
Barley Fut. May	£115.35	+0.40	£114.85
Maize	£148.80		£148.50
Wheat Fut. May	£115.80	−0.30	£113.35
No. 2 Hard Wint.	‡	—	‡
OTHERS			
Cocoa Ft. May	£2146.5	+12	£2108
Coffee Ft. May	£2367.5	−1	£2378.5
Cotton A Index	58.55c	−0.30	71.05c
Gas Oil March	$255.5	+3	$230.25
Rubber (kilo)	65p		64p
Sugar (raw)	$113ux	+5.5	$105
Wooltops 64s	528pkilo		514pkilo

‡ Unquoted. w March. x April. u Feb-March. v March-April. † Per 75-lb flask. n Nominal. c Cents a pound.

INDICES

FINANCIAL TIMES

Feb. 18	Feb. 15	M'th ago	Year ago
296.44	296.51	298.98	298.92

(Base: July 1 1952 = 100)

REUTERS

Feb. 15	Feb. 14	M'th ago	Year ago
2017.9	2022.2	1983.1	1970.6

(Base: September 18 1931 = 100)

MOODY'S

Feb. 14	Feb. 13	M'th ago	Year ago
—	969.3	—	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Feb. 14	Feb. 13	Month ago	Year ago
Spot	—	121.01	—	—
Fut.	124.85	125.18	—	—

(Base: December 31 1974 = 100)

OIL

With the U.S. market on holiday European optimists were allowed freer rein and Brent firmed 10-15c. Mid-east crudes were stable to marginally firmer. In the petroleum products market February activity is almost at an end and due to lack of supplies. March prices for gas oil firmed between $3-$6 at the prospect of short-covering demand—Petroleum Argus, London.

SPOT PRICES

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	1281.5-2.5	−14.2	1290-1	+12.0
3 months	1305-4	−5.75	1311-.5	+9.8
Settlem't.	1282	−.5	—	—
Cathodes.		—	—	—
Cash	1280-2	−0.5	1288-91	+14.5

ALUMINIUM

Alumn'm	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Spot	1010.5-11	+12.7	1013-4	+18.5
3 months	1048-.5	+13.2	1049-50	+11.5

SILVER

Silver was fixed 3.8p an ounce lower for spot delivery in the London bullion market yesterday at 569.2p. U.S. cent equivalent of the fixing levels were: spot 627c, down 5c; tree-month 639.9c, down 5.15c; six-month 655.95c, down 3.95c; and 12-month 688.95c, down

GRAINS

Old crops came under long liquidation in the spot position. Wheat rose on the close and barley found profit-taking support to recover from the early lows and closes at the day's high. New crops were a little steadier on shipper buying, reports Muirpace.

TIN

NICKEL

LEAD

GOLD

ZINC

COCOA

COFFEE

RUBBER

SOYABEAN MEAL

SUGAR

PIGMEAT

POTATOES

OTHER MARKETS

WOOL FUTURES

JUTE

COTTON

MEAT

PARIS

ROTTERDAM

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar heads back to DM 3.30

The dollar broke through some important resistance levels in European foreign exchange trading yesterday, and again threatened the DM 3.30 point. Trading began quietly, with the dollar continuing to weaken after losing ground at the end of last week. It was initially felt that the threat of central bank intervention might keep the U.S. currency depressed, but a fall below DM 3.25 sparked renewed demand, and the dollar rose steadily to close around its highest levels of the day.

Sentiment behind the dollar remains strong, with testimony before Congress today by Mr Paul Volcker, chairman of the Federal Reserve Board, expected to show no sign of any further easing of monetary policy.

Despite the closure of New York for Washington's birthday, European dealers were prepared to push the dollar back up, and as trading remained orderly this did not prompt any reaction from central banks, including the German Bundesbank, which appeared to be absent from the market yesterday.

The Japanese yen was firm for most of last week, but met some selling pressure yesterday, losing ground to the dollar and European currencies. The dollar rose to Y260 from Y256.80; DM 3.2960 from DM 3.2650; FFr 10.0725 from FFr 10.0050; and SwFr 2.8010 from SwFr 2.7780.

On Bank of England figures the dollar's index rose to 151.0 from 150.0.

STERLING — Trading range against the dollar in 1984-85 is 1.4940 to 1.0880. January average 1.1274. Exchange rate index fell 0.2 to 71.2, after opening 0.1 higher at 71.5, and touching a peak of 71.6 during the morning. It was steady for most of the day, before falling quite sharply at the close. Six months ago the index stood at 78.5.

Sterling fell against the dollar, but showed small mixed changes against other major currencies. After a firm opening the pound fell to $1.0935, a loss of 1 cent on the day. It rose to DM 3.6025 from DM 3.60, and Y284.25 from Y283, but was unchanged at SwFr 3.0625, and fell to FFr 11.01 from FFr 11.0250.

D-MARK—Trading range against the dollar in 1984-85 is 3.2920 to 2.5535. January average 3.1698. Exchange rate index 119.1 against 124.2 six months ago.

The D-mark lost ground to the dollar in quite hectic Frankfurt trading. It was generally expected the market would be quiet, with the U.S. closed for a public holiday, but there was considerable speculative and commercial demand for the dollar, which pushed it up to a peak of DM 3.2970. The U.S. currency closed at DM 3.2955, compared with DM 3.2675 on Friday, amid growing nervousness as the dollar approached DM 3.30, close to the 13-year trading high of DM 3.3070 touched last week. The dollar opened weaker, continuing the trend at the end of last week, and the currency fell to an early low of DM 3.2480, but soon recovered. It was fixed at DM 3.2788 in Frankfurt compared with DM 3.2650 on Friday, without any intervention by the German Bundesbank. There was also no sign of activity by the central bank on the open market. Trading volume was restricted by holidays in some German cities. After a strong performance last week the yen fell to DM 12.645 per 1,000 yen from DM 12.715 on Friday. Sterling rose to DM 3.6140 from DM 3.6050 at the fixing.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu February 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	44.7335	−0.37	+0.31	±1.5522
Danish Krone ...	8.14104	7.97012	−2.10	−1.42	±1.6419
German D-Mark	2.24184	2.22534	−0.74	−0.06	±1.1475
French Franc ...	6.87456	6.81006	−0.94	−0.26	±1.3669
Dutch Guilder...	2.52595	2.51950	−0.26	+0.42	±1.5171
Irish Punt	0.72569	0.714524	−1.54	−0.86	±1.6702
Italian Lira	1403.49	1374.33	−2.08	−2.00	±4.0410

Changes are for Ecu, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

STERLING EXCHANGE RATE INDEX

(Bank of England)

	Feb 18	Previous
8.30 am	71.5	71.2
9.00 am	71.6	71.2
10.00 am	71.5	71.6
11.00 am	71.6	71.5
Noon	71.6	71.5
1.00 pm	71.5	71.5
2.00 pm	71.5	71.4
3.00 pm	71.5	71.5
4.00 pm	71.2	71.4

£ in New York

	February 18	Prev. close
£ Spot	N/A	$1.1090-1.1000
1 month	N/A	0.45-0.43pm
3 months	N/A	1.21-1.18pm
12 months	N/A	3.09-3.00pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Feb 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.0905-1.1075	1.0930-1.0940	0.46-0.43c pm	4.88	1.25-1.20pm	4.48
Canada	1.4610-1.4805	1.4615-1.4655	0.49-0.42c pm	3.73	1.17-1.06pm	3.06
Nethlnd.	4.0660-4.0910	4.07-4.09	2⅛-2c pm	6.43	6¼-6pm	6.07
Belgium	72.20-72.75	72.35-72.45	20-15c pm	2.90	61-43pm	2.80
Denmark	12.862-12.9436	12.90-12.91	4-3ore pm	3.25	8⅞-7⅞pm	2.80
Ireland	1.1547-1.1593	1.1565-1.1575	0.03p pm-0.14 ds	−0.57	0.06-0.36dis	−0.69
W. Ger.	3.5915-3.6135	3.59¾-3.60¾	2⅝-2⅜pf pm	7.49	6⅞-6⅝pm	7.08
Portugal	194¼-199½	194½-196	195-535c dis	−22.42	500-1400dis	−19.45
Spain	198.10-199.90	198.15-198.55	30-10c pm	1.21	50-15pm	0.66
Italy	2,216-2,236½	2,225½-2,227½	par-2lire dis	−0.54	6-10dis	−1.44
Norway	10.307-10.376	10.32-10.33	1½-¼ore pm	1.31	3⅜-2⅝pm	1.26
France	10.97½-11.06¼	11.00½-11.01½	2¾-2¼c pm	2.72	6⅞-6⅛pm	2.09
Sweden	10.151-10.229	10.17½-10.18½	⅛-⅞ore dis	−0.66	1⅝-2⅛dis	−0.81
Japan	283.40-285.90	283¾-284¾	1¾-1⅞y pm	6.86	4⅞-4⅝pm	6.68
Austria	25.15-25.40	25.20-25.24	14½-13⅞gro pm	6.67	41½-37⅞pm	6.28
Switz.	3.0540-3.0758	3.05⅞-3.06⅞	2-1⅞c pm	7.35	5⅞-5⅝pm	7.27

Belgian rate is for convertible francs. Financial franc 72.70-72.80. Six-month forward dollar 1.82-1.77c pm. 12-month 2.25-2.10c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Feb 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.0905-1.1075	1.0930-1.0940	0.46-0.43c pm	4.88	1.25-1.20pm	4.48
Ireland†	0.9440-0.9568	0.9445-0.9455	0.48-0.38c pm	5.43	1.32-1.12pm	5.14
Canada	1.3383-1.3408	1.3401-1.3406	0.13-0.16cdis	−1.30	0.40-0.44dis	−1.25
Nethlnd.	3.6780-3.7365	3.7295-3.7305	0.52-0.49c pm	1.63	1.83-1.79pm	1.95
Belgium	65.70-66.65	66.15-66.25	12-13c dis	−2.28	34-38dis	−2.12
Denmark	11.65¾-11.90⅜	11.80-11.80½	⅞-1¼ore dis	−1.02	3⅞-4⅞dis	−1.36
W. Ger.	3.2480-3.2970	3.2955-3.2965	0.75-0.70pf pm	2.66	2.40-2.35pm	2.91
Portugal	178½-181	179-181	250-550c dis	−26.74	650-1450dis	−23.40
Spain	180.10-181.70	181.55-181.65	50-58c dis	−3.58	150-165dis	−3.48
Italy	2,013-2,038	2,036-2,037	8⅞-9⅞lire dis	−5.33	28-28⅞dis	−5.60
Norway	9.35-9.45	9.44-9.44½	2⅞-3ore dis	−3.51	7-7½dis	−3.08
France	9.95½-10.07½	10.07-10.07½	1.65-1.80c dis	−2.06	5.20-5.60dis	−2.15
Sweden	9.22¾-9.31¼	9.30¾-9.31¼	4-4½ore dis	−5.50	11¾-12¾dis	−5.18
Japan	258.25-260.05	259.95-260.05	0.48-0.44y pm	2.13	1.66-1.61pm	2.52
Austria	22.82¾-23.15	23.13-23.15	3⅞-3⅛gro pm	1.82	12½-10½pm	2.00
Switz.	2.7615-2.8060	2.8005-2.8015	0.66-0.60c pm	2.71	2.22-2.16pm	3.14

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 66.50-66.60.

OTHER CURRENCIES

Feb. 18	£	$		£ Note Rates
Argentina Peso..	266.19-266.67	242.55-242.75	Austria	25.20-25.50
Australia Dollar.	1.4945-1.4965	1.3560-1.3575	Belgium	72.50-73.50
Brazil Cruzeiro...	4,161-4,177	3,783-3,802	Denmark	12.89-13.00
Finland Markka.	7.4655-7.4955	6.8315-6.8335	France	11.00-11.12
Greek Drachma.	145.73-146.67	131.92-134.56	Germany	3.59¼-3.62½
HongKong Dollar	8.5100-8.5200	7.7980-7.8000	Italy	2220-2250
Iran Rial	104.80*	94.90*	Japan	282-287
KuwaitDinar(KD)	0.3355-0.3365	0.30755-0.30955	Netherlands	4.07-4.11
Luxembourg Fr.	72.35-72.45	66.15-66.25	Norway	10.31-10.41
Malaysia Dollar..	2.7710-2.7810	2.5390-2.5440	Portugal	192-212
NewZealand Dlr.	2.4175-2.4225	2.1985-2.2015	Spain	195½-205
Saudi Arab Riyal	3.9120-3.9170	3.5810-3.5820	Sweden	10.17-10.27
Singapore Dollar	2.4490-2.4590	2.2440-2.2490	Switzerland	3.05-3.08
Sth African Rand	2.0800-2.0920	1.9050-1.9085	United States	1.09¼-1.11½
U.A.E. Dirham....	4.0115-4.0165	3.6720-3.6730	Yugoslavia	291-306

* Selling rates.

CURRENCY MOVEMENTS

Feb. 18	Bank of England Index	Morgan Guaranty Change %
Sterling	71.2	N/A
U.S. dollar	151.0	"
Canadian dollar	91.1	"
Austrian schilling	109.0	"
Belgian franc	87.8	"
Danish Kroner	75.6	"
Deutsche mark	119.1	"
Swiss franc	133.3	"
Guilder	109.1	"
French franc	65.0	"
Lira	45.9	"
Yen	153.8	"

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb. 18	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	N/A	0.615486
U.S. $	8	"	0.677012
Canadian $	10.48	"	0.907534
Austria Sch.	4½	N/A	15.6322
Belgian Fr.	11	"	44.7338
Danish Kr.	7	"	7.97012
Dmark	4½	"	2.22534
Guilder	5½	"	2.51950
French Fr.	9½	"	6.81006
Lira	15½	"	1374.35
Yen	5	"	176.685
Norway Kr.	8	"	6.38016
Span'h Pta.	½	"	122.810
Swedish K.	9	"	6.29485
Swiss Fr	4	"	1.89157
Greek Dr'ch	20½	"	90.7196
Irish Punt	12¾	"	0.714524

*C$/SDR rate for February 15: 1.29382.

EXCHANGE CROSS RATES

Feb. 18	Pound Sterling	U.S. Dollar	Deutschem'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.094	3.603	284.3	11.01	3.063	4.080	2237.	1.464	72.40
U.S. Dollar	0.914	1.	3.295	260.0	10.07	2.801	3.730	2037.	1.338	66.20
Deutschemark	0.278	0.304	1.	78.90	3.056	0.850	1.133	618.0	0.406	20.10
Japanese Yen 1,000	3.518	3.847	12.67	1000.	38.73	10.77	14.35	7853.	5.149	254.7
French Franc 10	0.908	0.993	3.272	258.2	10.	2.782	3.705	2022.	1.329	65.76
Swiss Franc	0.327	0.357	1.176	92.82	3.595	1.	1.332	727.0	0.478	23.64
Dutch Gilder	0.245	0.268	0.883	69.67	2.699	0.751	1.	545.7	0.359	17.75
Italian Lira 1000	0.449	0.491	1.618	127.7	4.945	1.375	1.832	1000.	0.657	32.52
Canadian Dollar	0.683	0.747	2.462	194.2	7.523	2.093	2.788	1521	1.	49.47
Belgian Franc 100	1.381	1.510	4.976	392.6	15.21	4.230	5.635	3075.	2.021	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Feb. 18	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	14-14⅛	—	9⅛-9¼	6¾-6⅞	2-2¼	5⅛-5⅞	10⅝-10¾	14-15	10½-11	10½-10⅞	6⅛-6⅛	8-8½
7 days' notice	14⅛-14⅜	8½-8⅝	9⅛-9½	5¾-6⅞	2⅛-2⅝	5⅛-5⅞	10⅝-10¾	14-16	10½-10¾	10½-10¾	5¼-5⅝	8¼-8¾
Month	14⅛-14⅜	8⅝-8¾	9⅜-9⅞	6¾-6⅞	5⅝-5⅝	5¾-5⅞	10⅝-10⅞	14⅛-14⅝	10½-10¾	10⅝-10⅞	6⅜-6⅞	9⅞-10⅝
Three months	13⅞-13⅞	9-9⅛	10⅛-10⅜	6⅜-6⅞	5⅜-5⅞	6⅛-6⅜	11⅛-11¼	14½-16	10⅝-10⅞	10⅝-10⅞	6⅛-6½	10⅝-11⅛
Six months	13-13⅛	9⅛-9⅜	10⅜-10⅞	6⅜-7⅛	5⅜-5⅞	6⅝-6⅞	11⅛-11½	14⅞-15¼	10¾-11	10¾-11	6⅜-6⅜	10¾-11¼
One year	12½-12⅝	10-10⅛	10⅞-11⅛	7-7⅛	5⅜-5⅞	6½-6⅝	11⅞-11⅞	15⅝-15¾	11⅛-11⅜	10⅞-11⅛	6⅜-6⅞	10⅞-11⅜

Asian $ (closing rates in Singapore): Short-term 8½-8⅝ per cent; seven days 8½-8⅝ per cent; one month 8⅞-8⅞ per cent; three months 9-9⅛ per cent; six months 9⅜-9½ per cent; one year 10-10⅛ per cent. Long-term Eurodollars: two years 10¾-11 per cent; three years 11½-11⅝ per cent; four years 11⅞-11⅞ per cent; five years 11¾-11⅞ per cent nominal. Short-term rates are call for U.S. dollars andd Japanese yen; others two days' notice.

MONEY MARKETS

UK rates nervous on weak pound

Interest rates in London finished at the highest level of the day as sterling declined on renewed dollar strength. Trading was mostly quiet however with the closure of U.S. centres. Three-month interbank money finished at 13⅞-14 per cent up from 13 11/16-13 13/16 per cent while three-month eligible bank bills were bid at 13 11/16 per cent compared with 13½ per cent. The latest UK PSBR figures were much in line with expectations and had little effect on the market. For the time being attention remained fixed on sterling's performance against the dollar.

UK clearing banks base lending rate 14 per cent since January 28

The Bank of England forecast a shortage of around £400m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £540m and the unwinding of previous sale and repurchase agreemnts a further £80m. In addition Exchequer transactions drained £215m. These were partly offset by a fall in the note circulation of £290m and banks' balances brought forward £150m above target.

The Bank gave assistance in the morning of £202m, comprising purchases of £98m of eligible bank bills in band 2 (15-33 days) at 13⅜ per cent and £90m in band 3 (34-63 days) at 13⅜ per cent. In band 4 (64-91 days) it bought £14m of eligible bank bills at 13⅜ per cent.

The forecast was later revised to a shortage of around £450m before taking into account the earlier help and the Bank gave additional assistance in the afternoon of £249m, making a total of £451m. The afternoon help comprised purchases of £31m of eligible bank bills in band 1 (up to 14 days) at 13⅞ per cent, £96m in band 2 at 13⅞ per cent and £50m in band 3 at 13⅝ per cent. It also arranged sale and repurchase agreements on £72m of bills at 13⅞ per cent, unwinding on March 5.

MONEY RATES

Feb. 18	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.4-5.6	10¾	2-2½	6⅝-6¾	6.1875	15⅞-16¼	11.0	14⅝-14⅞
One month	5.50-5.65	10⅛-10⅝	5⅛-5⅝	6⅞-8	6.34375	15¾-16⅛	10⅝-10⅞	14¾-15
Two months	5.85-6.00	10⅝-10¾	—	—	—	—	—	14⅝-14⅞
Three months	6.00-6.15	10⅝-10¾	5⅝-5¾	7-7⅛	6.34375	15¾-16⅛	10¾-11	14⅛-14¾
Six months	6.25-6.40	10⅛-10⅝	—	7-7⅛	—	—	10¾-11	14¼-14½
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	10½	—	6¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Feb. 18 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	13-15	14	13-14⅛	12-14	—	—	—	—	—
2 days notice	—	—	14-14⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅞-14⅛	14-14⅛	14⅛	13⅞-14	—	—	—	—	—
One month	14⅛-14⅛	14⅛-14¼	14⅛	14⅛-14⅛	13⅞	13¾	13½	13⅞	13¾	14⅜
Two months	14-13⅞	13⅞-14	13⅞	14⅛	13½	13⅝	13¼	13⅞	13⅝-13⅞	14¼
Three months	13⅞-13⅞	13⅞-14	13¾	13⅞	13-13¼	13⅝	13¼	13¼-13⅜	13⅝-13⅞	14
Six months	12⅞-12⅞	12⅞-12⅞	12⅞	—	—	—	—	12½-12¼	12-12⅞	12⅞
Nine months	12¼-12⅞	12⅝-12⅝	—	—	—	—	—	—	—	—
One year	12⅛-12⅛	12¼-12⅞	12½	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	14⅞-14⅛	—	14	8.6-8.7	8⅛-8⅝	10-10⅛
Two months	14⅝-14¼	—	13⅞	8.7-8.8	8⅛-8⅞	10-10⅛
Three months	14⅛-13¾	—	13⅞	8.85-8.95	8⅛-8⅞	10⅛-10⅞
Six months	13-13⅝	—	13	9.15-9.25	8⅞-9⅛	10⅛-10¼
Nine months	12⅞-12½	—	12⅞	9.4-9.5	—	—
One year	12⅝-12¼	—	12⅞	9.9-10.0	9⅛-9⅛	10⅛-10⅛
Two years	—	12	—	—	—	—
Three years	—	12	—	—	—	—
Four years	—	11⅞	—	—	—	—
Five years	—	11⅞	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period January 2 to February 5 1985 (inclusive): 11.840 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): 10½ per cent from February 1 1985. London and Scottish Clearing Bank Rates for lending 14 per cent. London Deposit Rates for sums at seven days' notice 11-11½ per cent. Treasury Bills: Average tender rates of discount 13.1320 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 13½ per cent; one-three months 13¾ per cent; three-six months 12¾ per cent; six-nine months 12¾ per cent; nine-12 months 12 per cent. Under £100,000 11½ per cent from February 13. Deposits held under Series 8 12 per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. February 18)

Three months U.S. dollars	
bid 9	offer 9 1/8
Six months U.S. dollars	
bid 9 7/16	offer 9 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	9¾
Fed Funds	—
Fed funds at intervention	—

Treasury Bills

One month	—
Two month	—
Three month	—
Six month	—
One year	—

Treasury Bonds

Two year	—
Three year	—
Four year	—
Five year	—
Seven year	—
10 year	—
30 year	—

FINANCIAL FUTURES

Quiet trading

Activity was curtailed in the London International Financial Futures Exchange yesterday by the closure of U.S. centres for Washington's birthday. Sterling based instruments were influenced once again by the performance of the pound. The latter had shown quite a respectable performance earlier in the day but renewed dollar demand pushed it below $1.10 at the close.

Consequently values were marked down as cash rates reacted with a stronger trend on sterling's renewed weakness. A repayment figure of £2.44bn in January for the UK PSBR was much in line with expectations and failed to have any influence. The March gilt price opened at 104-16 up from 104-12 but lost ground to finish at 103-19. Similarly the March three-month sterling contract closed at 86.58, down from an opening level of 86.85 and Friday's close of 86.90.

Euro-dollar prices were a little weaker on late selling, having shown little movement earlier in the day. Apart from the reduction in trading volume owing to Chicago's closure, the market was also a little restrained ahead of Federal Reserve Board chairman Paul Volcker's testimony before Congress.

The rates below for Chicago are for February 15.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.68	90.72	90.66	90.70
June	90.03	90.06	90.02	90.07
Sept	89.49	89.53	89.49	89.56
Dec	89.07	89.09	89.07	89.12
March	88.70	—	—	88.76

Est. Volume 1,092 (5,492)
Previous day's open int. 14,634 (14,487)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
March	86.58	86.85	86.54	86.64
June	88.13	88.30	88.10	88.00
Sept	88.83	88.85	88.80	88.80
Dec	88.83	88.85	88.83	88.87
March	88.71	—	—	89.00

Est. Volume 1,652 (3,011)
Previous day's open int. 8,406 (8,317)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	103-19	104-18	103-18	104-04
June	103-27	104-22	103-27	104-10
Sept	107-13	—	—	107-28
Dec	107-04	—	—	107-19
March	106-25	—	—	107-08

Est. Volume 2,148 (2,786)
Previous day's open int. 5,262 (5,619)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) −8 to par (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.0890	1.1025	1.0880	1.0850
June	1.0790	1.0920	1.0790	1.0775
Sept	1.0750	1.0880	1.0750	1.0725

Est. Volume 2,583 (1,285)
Previous day's open int. 8,043 (8,569)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3040	0.3070	0.3040	0.3046
June	0.3062	0.3089	0.3062	0.307

Est. Volume 46 (10)
Previous day's open int. 259 (260)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.3574	—	—	0.3574
June	0.3605	—	—	0.3605

Est. Volume Nil (12)
Previous day's open int. 111 (111)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.3851	—	—	0.3840
June	0.3880	—	—	0.3869

Est. Volume Nil (nil)
Previous day's open int. 117 (114)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
March	126.60	127.45	126.45	128.66
June	126.80	127.25	126.80	128.95
Sept	127.15	—	—	129.30

Est. Volume 358 (272)
Previous day's open int. 1,463 (1,373)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	71-25	71-26	71-18	72-06
June	70-25	—	—	71-06

Est. Volume 249 (1,631)
Previous day's open int. 2,282 (2,479)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	71-22	72-18	71-21	72-16
June	70-22	71-17	70-21	71-15
Sept	69-29	70-23	69-28	70-22
Dec	69-09	70-03	69-08	70-02
March	68-24	69-15	68-24	69-16
June	68-09	69-00	68-09	69-01
Sept	67-29	68-13	67-29	68-21
Dec	67-18	68-03	67-18	68-10
March	67-09	67-21	67-09	68-01
June	67-01	—	—	67-25

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	91.78	91.86	91.78	91.79
June	91.32	91.39	91.29	91.37
Sept	90.84	90.91	90.83	90.89
Dec	90.46	90.52	90.46	90.50
March	90.14	90.20	90.14	90.17
June	89.86	89.89	89.85	89.88
Sept	89.63	89.65	89.63	89.64
Dec	89.43	89.43	89.42	89.42

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	91.08	91.20	91.06	91.18
June	90.47	90.57	90.44	90.57
Sept	89.93	90.04	89.91	90.00
Dec	89.49	89.54	89.49	89.55

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.71	90.84	90.69	90.81
June	90.07	90.23	90.04	90.17
Sept	89.55	89.68	89.52	89.63
Dec	89.11	89.24	89.10	89.18
March	88.75	88.86	88.74	88.81
June	88.46	88.56	88.44	88.50
Sept	88.20	88.28	88.19	88.23

STERLING (IMM) $s per £

	Latest	High	Low	Prev
March	1.1030	1.1046	1.0990	1.0910
June	1.0935	1.0980	1.0870	1.0820
Sept	1.0905	1.0935	1.0850	1.0785
Dec	1.0890	1.0890	1.0845	1.0775

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	69-22	70-02	69-22	70-02
June	69-01	69-12	69-00	69-13
Sept	68-13	—	—	68-25
Dec	67-27	—	—	68-07
March	—	—	—	—
June	66-28	—	—	67-08
Sept	66-14	—	—	66-26

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on February 18, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.10
Algeria	Dinar	(A) 5.75
Andorra	French Franc	11.01
	Spanish Peseta	198.35
Angola	Kwanza	(CM) 32.7264
Antigua	E. Caribbean $	2.97
Argentina	New Peso	266.43
Australia	Australian $	1.4965
Austria	Schilling	25.22
Azores	Portuguese Escudo	146.375
Bahamas	Ba. Dollar	1.0935
Bahrain	Dinar	0.4165
Balearic Isles	Spa Peseta	198.35
Bangladesh	Taka	28.55
Barbados	Barbados $	2.1870
Belgium	B. Franc	(cm) 72.40
		(fm) 72.75
Belize	B $	2.1870
Benin	C.F.A. Franc	550.50
Bermuda	Bda $	1.0935
Bhutan	Indian Rupee	14.05
Bolivia	Bolivian Peso	(u)49,207.50‡
Botswana	Pula	1.90
Burkino Faso	C.F.A. Franc	550.50
Brazil	Cruzeiro:‡	4,164.0
Brit. Virgin Isles	U.S. $	1.0935
Brunei	Brunei $	2.4540
Bulgaria	Lev	1.1666
Burma	Kyat	9.8871
Burundi	Burundi Franc	141.00
Cameroon	C.F.A. Franc	550.50
Canada	Canadian $	1.4635
Canary Islands	Spanish Peseta	198.35
Cape Verde Is	Cape V. Escudo	98.29
Cayman Islands	Cay. Is. $	0.9116
Cent. Afr. Republic	C.F.A. Franc	550.50
Chad	C.F.A. Franc	550.50
Chile	Chilean Peso	142.48
China	Renminbi Yuan	3.1035
Colombia	Col. Peso	(F) 125.51
Comoro Islands	C.F.A. Franc	550.50
Congo (Brazaville)	C.F.A. Franc	550.50
Costa Rica	Colon	(U) 53.40
Cuba	Cuban Peso	1.00
Cyprus	Cyprus £	0.730
Czechoslovakia	Koruna	(com) 7.95
		n/c 13.8430
		13.475(9)
Denmark	Danish Kroner	12.9050
Djibouti	Djibouti Franc	187.0
Dominica	E. Caribbean $	2.97
Dominican Repub.	Dominican Peso	(O) 1.0935
		3.2806 (7)
Ecuador	Sucre	(O) 74.76
		(F) 133.13
Egypt	Egyptian £	0.9110(14)
		1.3175 (8)
El Salvador	Colon	(O) 2.7420
		(F) 4.4290
Equatorial Guinea	Ekuele	(P) 396.70
Ethiopia	Ethiopian Birr	2.2550
Falkland Islands	Falkland Is. £	1.0
Faroe Islands	Danish Kroner	12.9050
Fiji Islands	Fiji $	1.2950
Finland	Markka	7.4804
France	French Franc	11.01
French C'ty in Af.	C.F.A. Franc	550.50
French Guiana	Local Franc	11.01
French Pacific Is.	C.F.P. Franc	191.0
Gabon	C.F.A. Franc	550.50
Gambia	Dalasi	5.00
Germany (East)	Ostmark	3.6025
Germany (West)	Deutsche Mark	3.0225
Ghana	Cedi	55.3250
Gibraltar	Gibraltar £	1.0
Greece	Drachma	147.20
Greenland	Danish Kroner	12.9050
Grenada	E. Caribbean $	2.97
Guadaloupe	Local Franc	11.01
Guam	U.S. $	1.0935
Guatemala	Quetzal	1.0935
Guinea	Syli	28.29
Guinea-Bissau	Peso	96.32
Guyana	Guyanese $	4.5525
Haiti	Gourde	5.4675
Honduras	Lempira	2.2050
Hong Kong	H.K. $	8.5150
Hungary	Forint	56.7665
Iceland	I. Krona	46.0085
India	Ind. Rupee	14.05
Indonesia	Rupiah	1,196.80
Iran	Rial	104.80(sg)
Iraq	Iraqi Dinar	0.3445
Irish Republic	Irish £	1.1570
Israel	Shekel	787.0
Italy	Lira	2,226.50
Ivory Coast	C.F.A. Franc	550.50
Jamaica	Jamaica Dollar	5.75
Japan	Yen	284.25
Jordan	Jordanian Dinar	0.4560
Kampuchea	Riel	N/A
Kenya	Kenya Shilling	17.90
Kiribati	Australian $	1.4955
Korea (Nth)	Won	1.57(‖)
Korea (Sth)	Won	925.49
Kuwait	Kuwaiti Dinar	0.3360
Laos	New Kip	38.2725
Lebanon	Lebanese £	14.4505
Lesotho	Maluti	2.0860
Liberia	Liberian $	1.0935
Libya	Libyan Dinar	0.3235
Liechtenstein	Swiss Franc	3.0625
Luxembourg	Lux Franc	72.40
Macao	Pataca	8.93
Madeira	Portug'se Escudo	195.375
Malagasy Republic	MG Franc	738.25
Malawi	Kwacha	1.7400
Malaysia	Ringgit	2.7750
Maldive Islands	Rufiyaa	8.2560
Mali Republic	C.F.A. Franc	550.50
Malta	Maltese £	0.55
Martinique	Local Franc	11.01
Mauretania	Ouguiya	75.94
Mauritius	M. Rupee	17.70
Mexico	Mexican Peso	(F) 256.38
		(C) 220.06
Miquelon	Local Franc	11.01
Monaco	French Franc	11.01
Mongolia	Tugrik	4.56 (‖)
Montserrat	E. Caribbean $	2.97
Morocco	Dirham	10.65 (sg)
Mozambique	Metical	(A) 49.05
Namibia	S.A. Rand	2.0860
Nauru	Australian Dollar	1.4955
Nepal	Nepalese Rupee	20.59
Netherlands	Guilder	4.08
NetherlandAntilles	Antillian Guilder	1.9575
New Zealand	N.Z. Dollar	2.4200
Nicaragua	Cordoba	(F)219.60
		(O)11.09
Niger Republic	C.F.A. Franc	550.50
Nigeria	Naira	1.125091(sg)
Norway	Norwegian Krone	10.3250
Oman Sul'ate of	Rial Omani	0.380
Pakistan	Pakistan Rupee	17.00
Panama	Balboa	1.0935
Papua N. Guinea	Kina	1.0880
Paraguay	Guarani	262.44(10)
		435.91(7)
		357.77(12)
Peru	Sol	exe(A)7,634.52
Philippines	Philippine Peso	18.90
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.4200
Poland	Zloty	154.94
Portugal	PortugueseEscudo	195.375
Puerto Rico	U.S. $	1.0935
Qatar	Qatari Ryal	4.0240
Reunion Island	French Franc	11.01
Romania	Leu	(Cm) 5.13
		(N/C) 14.35
Rwanda	Rwanda Franc	118.01
St. Christopher	E. Caribbean $	2.97
St. Helena	St Helena £	1.0
St. Lucia	E. Caribbean $	2.97
St. Pierre	Local Franc	11.01
St. Vincent	E. Caribbean $	2.97
Samoa American	U.S. $	1.0935
San Marino	Italian Lira	2,226.50
Sao Tome & Prin.	Dobra	51.86
Saudi Arabia	Saudi Ryal	3.9145
Senegal	C.F.A. Franc	550.50
Seychelles	S. Rupee	8.20(sg)
Sierra Leone	Leone	(O) 2.70
Singapore	Singapore $	2.4540
Solomon Islands	Solomon Is. $	1.5320
Somali Republic	Somali Shilling	28.4310
South Africa	Rand	2.0860
Spain	Peseta	198.35
Spanish ports in North Africa	Peseta	198.35
Sri Lanka	S. L. Rupee	29.06
Sudan Republic	Sudan £ (u)	2.7340
Surinam	S. Guilder	1.9575
Swaziland	Lilangeni	2.0860
Sweden	S. Krona	10.18
Switzerland	Swiss Franc	3.0625
Syria	Syrian £	(A) (T) 9.0
		(CM) 4.2920
Taiwan	New Taiwan $	43.10
Tanzania	Tan. Shilling	20.25
Thailand	Baht	30.15
Togo Republic	C.F.A. Franc	550.50
Tonga Islands	Palanga	1.4955
Trinidad	Trinidad & Tob $	2.6245
Tunisia	Tunisian Dinar	0.9740(sg)
Turkey	Turkish Lira	506.40
Turks & Caicos	U.S. $	1.0935
Tuvalu	Australian $	1.4955
Uganda	Uganda Shilling	592.00
United States	U.S. Dollar	1.0935
Uruguay	Uruguay Peso	90.445
Utd.Arab Emirates	U.A.E. Dirham	4.0140
U.S.S.R.	Rouble	0.9844
Vanuatu	Vatu	111.50
Vatican	Italian Lira	2,226.50
Venezuela	Bolivar	(4) 4.73
		(5) 8.26
		(6) 14.715
Vietnam	Dong	(O) 11.89
Virgin Island U.S.	U.S. Dollar	1.0935
Western Samoa	Samoan Tala	(A) 2.4550
Yemen (Nth)	Ryal	6.47 (sg)
Yemen (Sth)	S.Yemen Dinar	0.3800†
Yugoslavia	New Y Dinar	253.3258
Zaire Republic	Zaire	48.2945
Zambia	Kwacha	2.55
Zimbabwe	Zimbabwe $	1.7525

* Rate is the transfer market (controlled). ‡‡ Now one official rate. (‡) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) Rate for remittances of foreign currency by Egyptians working abroad and tourists. (9) Banknote rates. (10) Rate for exports. (12) Rate for imports. (13) Essential imports. (14) Nearly all business transactions.
† Correction: S. Yemen dinar for February 11 was 0.3785.
(8) Banknote rates. (10) Rate for exports. (12) Rate for imports. (13) Essential imports. (14) Nearly all business transactions. † Correction: Argentine Peso rate for February 4 was 250.84.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for February 18.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aust Credit 12⅝ 88	150	102⅝	103⅛	−0¼	−0⅝	11.58
Austria Rep 13⅛ 92	100	118⅝	118⅝	−0¾	0	11.43
Bank Of Tokyo 12⅝ 92	100	101⅛	101⅝	+0⅛	+0¼	12.31
Bank of Tokyo 13⅝ 91	100	107⅜	107⅞	0	−0⅜	11.61
Caisse Nat Tele 13⅞ 91	100	107⅜	107⅞	−0⅛	−0⅝	11.53
Canadian Pac 12½ 89	75	102	102½	0	−0⅛	12.14
CBS Inc 11⅞ 92	100	98⅝	99⅛	−0⅛	−0½	11.56
Chevron U.S.A. 12⅛ 89	800	101½	102	−0⅛	−0⅜	11.78
Creditanstalt 13⅛ 91	100	104⅛	104⅝	−0⅝	−1⅜	12.06
Denmark Kingdom 13 91	100	103⅝	103⅞	−0⅞	−1	12.11
Denmark Kingdom 13¼ 91	100	105⅜	105⅞	−0⅝	−0⅝	11.83
Denmark 13⅞ 88 XW	100	105⅝	106⅛	−0⅛	−0⅜	11.66
Denmark Kingdom 14 91	100	106⅞	107⅜	0	−0⅞	12.28
E.E.C. 11⅛ 90	100	98⅞	98⅞	—	—	11.50
E.I.B. 12½ 90	100	103⅝	104⅛	−0¼	−0½	11.44
E.I.B. 12⅝ 94	100	105⅛	105⅝	−0⅛	−0½	11.86
E.I.B. 13 96	200	104⅛	104⅝	−0⅝	−0½	12.24
Ex-Im Bk Japan 13¼ 91	75	107½	108	−0⅜	−0⅝	11.43
Export Dev Corp 12 89	100	102	102½	−0¼	−0½	11.32
Exxon Capital Corp 0 2004	1200	11⅞	11⅞	0	+0⅛	11.52
Florida Fed Sav 12⅝ 89	100	103⅛	103⅝	+0⅛	0	11.29
IBM Credit Corp 11¾ 87	200	101½	102	0	−0⅜	10.88
Indust Bk Japan 12⅞ 89	100	104⅛	104⅝	0	−0⅜	11.56
Indust Bk Japan 13⅞ 91	125	108⅞	109⅜	−0⅛	−0½	11.72
Int-Am Dev Bk 12¾ 91	150	103⅛	103⅝	−0¼	−0¾	11.88
Japan Air Lines 13⅞ 94	100	110¾	111¼	−0⅝	−0⅞	11.38
Kellogg Company 10⅞ 90	100	98¾	99¼	−0⅛	−0⅜	11.14
Kellogg Company 11¼ 92	100	100½	101	+0⅝	+0¼	11.08
L.T.C.B. 12⅞ 91	100	104¼	104¾	−0⅛	−1	11.83
Macy Cred Corp 11¾ 95	100	99¼	99¾	0	0	11.83
Mellon Bank 13 87	100	103⅛	103⅝	−0¼	−0⅜	11.31
Merrill Lynch 12⅝ 89	100	102⅝	103⅛	+0⅞	0	11.86
Minnesota 11½ 87	100	100⅝	101⅛	−0⅛	−0½	11.04
Mitsubishi Corp 13¼ 89	100	105⅞	106⅜	+0⅛	−0⅛	11.37
Montagu 13¼ 91	100	†105	105½	+0⅛	0	12.00
Morgan Guaranty 12¼ 89	150	101⅞	102⅜	0	+0⅛	11.55
Morgan Guaranty 12⅜ 89	150	101⅞	102⅜	+0½	−0⅛	11.71
Nippon Cred Bk 13⅞ 89	100	106	106½	−0⅛	−0½	11.91
Nth America 12⅞ 91	100	102⅛	102⅝	−0⅝	−0¾	12.29
Penney J.C. 12¾ 91	100	103⅞	104⅜	−0⅜	−0⅛	11.78
Pru Realty secs 12⅛ 85	546	100¾	101¼	−0½	−0⅛	11.94
Quebec Hydro 11½ 92	100	†100⅞	100⅞	0	−0¼	11.35
Ralston Purina 12¾ 89	100	103⅞	104⅜	−0⅛	−0⅜	11.58
Royal Bk Can 12¾ 92 XW	100	†100¾	101¼	0	+0½	12.52
Saskatchewan 11 7/8 89	100	101⅞	102⅜	−0⅛	−0⅞	11.24
S.N.C.F. 12⅜ 92 XW	100	100⅜	100⅞	−0⅛	−0¼	12.22
Statoil 12 88	100	102⅞	103⅜	−0⅝	−0⅞	10.75
Statoil 13½ 89	100	107½	108	−0⅛	−0¼	11.14
Sumitomo Fin 12¾ 91	150	102⅞	103⅜	−0¼	−0⅝	11.88
Swed Exp Cred 12⅜ 89XW	100	102⅝	103⅛	−0⅝	−1⅛	11.85
Sweden Kingdom 11½ 89	200	99⅞	100⅜	−0⅝	−0½	11.44
Sweden Kingdom 11¾ 94	100	98¾	99¼	−1⅛	−1⅝	11.91
Texaco Capital 12⅝ 87	300	103⅞	103⅞	+0⅜	0	11.08
Texaco Capital 13½ 89	200	†106½	107	+0¼	0	11.43
Toronto Dom Bk 12½ 88	100	†101½	102½	0	−0½	11.67
Walt Disney Pro 12½ 87	150	†102⅝	103⅛	+0⅜	+0⅛	11.10
Weyerhaeuser 12¼ 87	150	101⅞	102⅜	0	0	11.22
World Bank 12¼ 94	150	102	102½	−0⅜	−0⅜	11.83
World Bank 12⅜ 94	200	105	105½	−0¼	−0⅜	11.89

Average price change... On day −0⅛ on week −0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	100⅝	101⅛	+0½	+0¼	7.84
Austria Republic 7⅝ 94	200	98⅝	98⅝	+0⅜	−0⅜	7.76
Baxter Travenol 7¼ 94	200	98½	99	0	−0⅜	7.44
Credit National 8⅛ 94	200	101	101½	−0⅜	−0⅜	7.92
Degussa Int Fin 7½ 94	100	99⅞	100⅜	+0⅞	−0⅜	7.48
E.E.C. 8 92	200	101	101½	+0⅛	−0⅜	7.76
Escom 8 92	150	98¼	98¾	+0⅜	0	8.09
Ferrovie Dello Stato 8 91	100	101	101½	−0⅛	−1¼	7.73
Finland Republic 7 92	200	96¼	96¾	—	—	7.67
Finland Rep 7½ 91	150	100	100½	−0½	0	7.46
Gould Int Fin 7⅝ 91	100	100¼	100¾	+0⅛	+0¼	7.51
Ireland 8⅛ 92	150	100¾	101¼	0	+1	7.93
Japan Fin Corp 7⅝ 91	100	100	100½	−0⅛	0	7.56
Mitsubishi Hvy 3½ 89WW	300	101⅞	102⅜	−0⅛	0	2.84
Mitsubishi Hvy 3½ 89XW	300	90	90½	0	+0¼	6.25
Mitsubishi Met 3⅛ 89WW	100	98¼	98¾	—	—	3.47
Mitsubishi Met 3⅛ 89XW	100	84¾	85¼	—	—	8.07
O.K.B. 7½ 88	100	99⅜	99⅞	−0⅛	−0⅛	7.08
Pepsico O/S Fin 7⅜ 94	250	97¾	98¼	−0⅛	−1⅛	7.56
Renown 3⅛ 90	80	96¾	97¼	—	—	3.75
Reynolds O/S Fin 7⅝ 94	125	98	98½	+0⅛	−0⅞	7.78
Societe Cent Nuclear 8 91	100	100⅛	100⅝	+0⅛	+0⅛	7.88
Sth Africa Rep 8½ 91	200	100¾	101¼	−0½	−2⅜	8.29
Sth African Tran 7⅝ 92	100	96⅜	96⅞	−0⅛	+0⅜	8.22
World Bank 7¾ 89	100	100⅜	100⅞	0	−0¼	7.58
World Bank 8 94	200	101⅝	102⅛	+0⅝	+1½	7.70

Average price change... On day 0 on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 8⅝ 94	100	†101¾	102	+0⅜	−0½	5.99
Asian Dev Bank 6⅛ 98	100	†100½	100¾	+0½	−0½	6.04
Avon Cap Corp 5⅝ 94	130	†97¾	98	0	−0½	5.66
Brit Land Comp 6½ 98	75	†101½	101¾	−0½	−1	6.32
Council of Europe 6 92	120	†101¾	102	+0⅜	−0⅛	5.59
Creditanstalt 5½ 94	100	†97½	97¾	+0⅛	−1	5.82
Deutsche Bk Fin 5⅛ 95	100	†99	99¼	0	−1	5.49
E.I.B. 5⅝ 94	120	†100¼	100½	0	−0¼	5.82
Eurofima 5 97	100	†99⅞	100⅛	+0⅜	−0⅛	5.00
Eurofima 5¼ 99	100	†101¼	101½	+0⅛	+0⅛	5.07
Export Dev Corp 5⅝ 92	125	†98¾	99	−0¼	−2	5.55
First Boston Inc 5⅝ 94	60	†100¼	100½	+0½	−0½	5.70
Gen Occidentale 4½ 94	80	†105½	105¾	−1¼	+5½	3.80
I C Industries 5⅝ 94	125	†98½	98¾	+0½	−2	5.81
Ind Fund Fin 5¾ 94	40	†99¾	100	+0½	−0⅛	5.76
Int-Am Dev Bk 6⅛ 94	120	†100	100¼	−0⅜	−0⅛	6.10
New Zealand Govt 5⅝ 94	150	†99¾	100	+0⅜	−0⅝	5.70
N Zealand steel 5¾ 98	70	†98	98¼	−0⅛	−2	5.97
Oberos Kinsk 6⅜ 95	100	†97½	97¾	0	−2½	6.69
Ost Donaukraft 5⅝ 95	70	†98	98¼	+0¼	−2	5.83
Ralston Purina 5⅝ 94	125	†98	98¼	−0⅛	−0⅜	5.63
Santos Finance Ltd 6 94	130	†100¼	100½	−0⅜	−0⅜	5.94
Tokyo Elec Pwr 5½ 93	120	†98½	99	+0⅛	−0⅞	5.70
Tokyo Metropolis 5¼ 94	80	†97¼	97½	−2½	−2⅜	5.68
World Bk 5⅜ 94	150	†98½	98¾	0	−0⅜	5.80

Average price change... On day 0 on week −0⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Denmark Kingdom 6⅝ 92	20	96⅞	97⅛	−0⅛	+0½	7.34
Goodyear TER 6⅞ 94	13	95½	96	−0⅛	+0⅛	7.58
Swed Exp Cred 6⅝ 91	12	96⅝	97⅛	−0⅛	+0⅜	7.32
TRW Inc 7 94	15	97¼	97¾	−0½	+0⅛	7.36
United Tech 6⅝ 92	25	95½	96	—	—	7.43

Average price change... On day −0⅛ on week +0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AMEX 12¼ 91 C$	50	†100⅞	101⅜	+0⅜	+0⅞	11.98
E.D.C 11½ 89 C$	100	†97½	98	+0⅛	−1⅛	12.12
KB Hme N.V. 12 92 C$	75	†95⅝	98⅛	−2⅜	−3⅜	12.93
L.T.C.B SW 11⅞ 90 C$	75	†98⅞	99⅜	+0½	+0½	11.98
Montreal 12⅜ 87 C$	60	†100⅝	100⅞	+1⅛	+0⅝	12.08
New Brunswick 12 95 C$	75	†100	100½	+0¼	−0⅝	11.95
Quebec Urban 12⅝ 91 C$	32	†101¼	101¾	0	−0⅝	12.27
T.C.P.L. 12⅝ 89 C$	75	†100⅞	101⅜	+0⅝	−0⅝	12.27
Giro Und Bk 10½ 93 ECU	80	†101¼	102¼	+0⅜	+0⅝	10.18
World BK 10¾ 89 ECU	125	†103¾	104¾	+1	+1⅛	9.89
World Bk 10⅝ 94 ECU	75	†102⅜	103⅜	+1	+0½	10.07
Algemene Bk 7⅝ 89 FL	150	100⅜	100⅞	−0⅛	−0⅛	7.57
Amro Bank 7⅜ 89 FL	150	97¼	97¾	−0⅜	−1⅜	7.89
Dai-Ichi 8½ 89 FL	90	101⅞	102⅜	−0⅜	−0½	7.98
Friesch-Gron 8⅛ 89 FL	50	100	100½	−0⅜	−0⅜	8.17
New Zealand 8⅛ 89 FL	100	101½	102	−0⅛	−0⅜	7.75
Charbonnages 13⅞ 85 FF	400	†101½	102½	−0½	−0⅛	11.85
Air Canada 11¼ 94 £	40	98½	99	+0⅜	+0⅛	11.46
B.A.T. Int'l 10⅝ 91 £	100	98⅛	98⅝	+0⅛	+0⅝	11.08
CBS Inc 10⅞ 94 £	40	95⅛	95⅝	+0¼	+0⅛	11.68
Denmark 11⅞ 94 £	75	99⅛	99⅝	+0⅛	−0¼	11.96
E.E.C. 11⅜ 94 £	50	99⅞	100⅜	+0⅜	0	11.35
Grand Met 10⅝ 90 £	50	96	96½	+0⅛	−0⅛	11.75
ICI Finance 8½ 99 £	100	114⅞	115⅜	−0⅜	−0⅞	6.82
New Zealand 10⅝ 88 £	100	95⅝	96⅛	+0⅛	−1⅛	11.90
O.K.B 12¼ 91 £	30	103⅛	103⅝	−0⅜	−0½	11.44
Reed Int'l 11⅜ 94 £	30	95½	96	−0⅜	−0½	12.12
Ryl Bk Canada 10⅞ 91 £	40	94⅞	95⅜	+0⅜	−0⅛	11.97
Royal Trustco 12⅛ 89 £	30	100½	101¼	+0⅛	+0¼	11.93
United Tech 11¾ 89 £	35	102¼	102¾	−0⅜	−0½	10.98
World Bank 10 5/8 88 £	50	96⅜	96⅞	+0⅜	0	11.55
World Bank 11 94 £	50	97⅜	97⅞	+0⅜	+0⅜	11.40
E.C.S.C. 10½ 94LF	100	†103	104	+0⅜	+0⅜	9.89
Nat Lux Alum 10½ 92 LF	600	†103¼	104¼	+0⅜	+0⅜	9.75

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.B.L. Int 5 99	0⅛	100¼	100½	11/4	11.98	11.84
BankAmerica O/S 5¼ 96	0⅛	100¼	100⅝	28/6	8.81	8.77
Bank of Montreal 5 96	0⅛	100⅛	100⅜	25/4	8½	8.48
Bankers Trust 5¼ 96	0⅛	100⅛	100⅜	13/5	9.31	9.27
Barclays O/S Inv 5 2004	0⅛	100¼	100⅜	2/3	12.31	12.28
Belgium 5 2004	0⅛	100⅜	100⅝	11/4	13⅛	13.06
B.F.C.E. 5¼ 99	0⅛	100⅜	100⅝	13/3	12.19	12.13
B.N.P. 5¼ 95 (July)	0⅛	99½	99¾	22/7	9⅛	9.16
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅛	5/3	9.56	9.56
Citicorp O/S 5¼ 98 Sep	0⅛	99⅝	99⅞	19/12	11.19	11.24
Credit Lyonnais 5¼ 98	0⅛	100⅜	101	11/4	11⅝	11.65
Dai-Ichi Kangyo 5¼ 98	0⅛	100⅜	100½	13/5	10.06	10.02
Dresdner Fin 5¼ 89	0	99⅞	100	23/2	9.81	9.82
E.D.F. 5¼ 99	0⅛	100½	100⅝	23/2	12⅜	12.30
Ireland 5⅛ 99	0⅛	100⅜	100½	14/3	12⅜	12.33
Italy, Republic 5 94	0⅛	99⅞	100⅛	8/5	9.94	9.94
Lloyds Euro 5 2004 §	0⅛	100⅛	100⅜	18/4	11½	11.47
Midland Int Fin 5 99 §	0⅛	100	100⅛	8/3	12⅜	12.36
Nat Bk Denmark 5⅛ 99	0⅛	††100⅜	100½	11/4	8.58	8.53
Nat West-Perp 5 99	0⅛	101⅜	101⅝	13/5	10⅛	10.25
Queensland Coal 5⅛ 96	0⅛	††101	101¼	9/5	10.06	9.85
Sweden Perp 5¼ 95	0⅛	100⅛	100⅜	9/7	9.44	9.41
Takugin 5¼ 94 §	0⅛	100⅛	100⅜	15/3	12¼	12.19
Tokai 5¼ 99	0⅛	†100⅛	100⅜	12/6	9.94	9.86
Toyo 5¼ 99	0⅛	100⅛	100⅜	14/6	9.81	9.78

Average price change... On day −0⅛ on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	853.54	90½	91½	0	8.01
Fanuc 3⅜ 98	1/84	7832.3	168¼	170½	+5⅛	8.03
Fujitsu 3 99	5/84	1329.9	98⅛	99⅛	−0⅛	4.82
Honda Motor 5⅛ 98	6/83	894	149⅞	151⅜	−0⅛	6.33
Konishiroku Photo 4 98	10/83	873	97½	98½	−0⅛	1.22
Marui 3½ 99	7/84	1182	81⅛	82⅛	+0⅛	3.35
Minebea Co Ltd 5½ 98	5/83	887	90½	91½	0	2.94
Mitsubishi Elec 5⅛ 98	6/83	396	95	96	−0⅛	3.11
Murata 3½ 99	2/84	2351.2	122	123	−2	−0.50
Murata 3½ 2000	7/84	2388	120⅜	121⅜	−0⅛	8.77
Nippon Elec 2⅜ 2000	1/85	1296	95⅛	96⅛	−1⅛	10.58
Nippon Oil Co 3¼ 99	3/84	1062	78⅛	79⅛	−0⅛	8.17
Nissan Motor 5⅛ 98	4/83	700	98½	99½	−0½	14.18
Old Elec Ind 3½ 99	10/84	805	87⅛	88⅛	−1⅛	14.47
Orient Leasing 5⅛ 98	6/83	2800	99⅝	100⅝	−0⅛	7.34
Sekisui House 3 99	8/84	612	80	81	−0⅛	6.94
Sumitomo Corp 2⅜ 99	5/84	593	87⅛	88⅛	−0⅛	2.82
Takeda Riken 3⅜ 2000	10/84	7003	91⅛	92⅛	−1⅛	11.13
Tokyo Sanyo Elec 3½ 99	12/84	772	97½	98½	+0⅛	11.33
Yamanouchi Pharm'cal 4 98	10/83	1483.2	241	242	+6	1.43
Nippon Oil Co 2⅞ 92 SF	3/84	1052	†104	106	−1	13.17
Nippon Shinpan Co 2 92 SF	3/84	941	†84⅛	84½	−0⅛	22.84
Settsu Paper 2⅛ 92 SF	4/84	677	††157	158	−0⅛	−2.94
Asics 5 92 DM	12/83	528	183⅛	184⅛	0	26.80
Sow Realty 6⅛ 92 DM	2/83	365	174	176	−0⅛	−5.00

* No information available–previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

CAPITAL MARKETS

Denmark's $200m hybrid floater baffles Euromarket

BY MAGGIE URRY IN LONDON

DENMARK launched a controversial deal in the Eurobond market yesterday, led by Goldman Sachs. The issue, a hybrid floating-rate note that raises $200m, came in for both criticism and support for its innovative structure.

The 10-year issue, which is non-callable, pays interest at 3/16 per cent over the London interbank offered rate (Libor) for six-month Eurodollar deposits. But the coupon will not be less than 10 per cent, or more than 11⅞ cent. Currently Libor is around 9⅝ so the 10 per cent minimum applies. If Libor rises above 11 11/16 the coupon will stay at 11⅞ per cent.

A typical FRN investor, which funds its holding in the interbank market, can currently pick up an attractive margin of nearly ½ point by holding this issue. If short-term rates fall, the investor does even better. But if Libor rises to 11⅞ per cent, the investor loses money. Investors interested in fixed-rate bonds, by contrast, can readily find yields of 11⅞ per cent elsewhere.

With memories of high interest rates still fresh, many FRN investors are not willing to take the risk. However, demand for the paper was reported, with much going to the Far East.

There was even disagreement over the bonds' trading level, which had reached 99.70 at one point compared with fees of 50 basis points, but which slipped down towards the close.

Another floater met a less equivocal response. Credit Suisse First Boston launched a $75m issue for Kemira, the Finnish state-owned chemical company. That has a 10-year life, with no put options. The interest rate was set at ⅛ per cent over six-month Libor and front-end fees are 55 basis points. The issue was offered at par in the grey market. A further $25m is available as a tap.

Otherwise the Eurodollar bond market was quiet yesterday because of the public holiday in New York. Straight bonds were weaker by around ¼ point.

In the sterling market, Spain was able to announce the £80m bulldog issue that had been postponed on January 14, the day the Bank of England reintroduced Minimum Lending Rate. The issue is redeemable in 2010 and will be priced on Wednesday afternoon at a yield equal to the gross redemption yield on Treasury 13¾ per cent 2004-08 plus 140 basis points. The bonds will be offered for sale on Thursday on a partly-paid basis. Samuel Montagu is arranging the issue and brokers are Greenwell and Rowe and Pitman.

BHF Bank bond average		
Feb 18		Previous
101.266		101.254
High	1985	Low
103.042		99.055

The market for floating-rate notes is growing in Switzerland, with investor interest among institutions and banks. Following SBC's Asian Development Bank deal, Citicorp (Switzerland) launched a SwFr 100m, 10-year FRN for Spain. As for ADB the coupon was set at ⅛ per cent over six-month Libor, the lowest seen in the market.

First Chicago announced the first issue with equity warrants for a U.S. borrower – a SwFr 100m 12-year deal for Dennison Manufacturing. The coupon was indicated at 5¼ per cent and the exercise premium at 25 per cent. The borrower, a paper and office products company, has a single-A debt rating.

Crédit Suisse cut the coupon on the SwFr 100m convertible issue for Eisai from 2 to 1⅞ per cent and set the conversion premium at 5.8 per cent.

Handelsbank also cut the coupon for Asahi Diamond's SwFr 25m convertible issue by the same amount to 1⅞ per cent.

Swiss franc foreign bonds were little changed yesterday, D-Mark issues were similarly unchanged on average, although there the tone was more gloomy.

Banque Gutzwiller is leading a New Zealand dollar issue for NZI Corporation. The NZ$25m issue has a seven-year life and terms were set at a 15⅞ per cent coupon with a 99¾ issue price.

Crédit Agricole plans two-part domestic bond

PARIS – Caisse Nationale de Crédit Agricole plans to raise FFr 3.2bn through a two-part issue in the domestic bond market.

The state-run agricultural bank said the first tranche of the issue would cover FFr 1.5bn of fixed-rate bonds to mature in 1993. Annual interest of 12.1 per cent will be paid on the fixed-rate portion of the offering.

The second tranche of the issue will cover FFr 1.7bn of 10-year bonds. Interest payments on this portion of the debt will be revised each January to equal 95 per cent of the average annual yield on state-guaranteed bonds at issue. The coupon for the first year has been set at 11.8 per cent. The minimum yield on future coupon payments will be set at 6.5 per cent.

Both tranches will be priced at 99.84. Crédit Agricole said it expected to float the issue on February 28.

AP-DJ